

Cloth of Distinction Holland and Sherry LONDON

NEWS SUMMARY

GENERAL Strike over at National Theatre

Business Gilts lose ground; equities up 1.0

Nine combine to fight terrorists

Hand in arms call to Ulster

Prize award for John Elliott

£50,000 bail in forgery case

Circus fines

Jubilee view

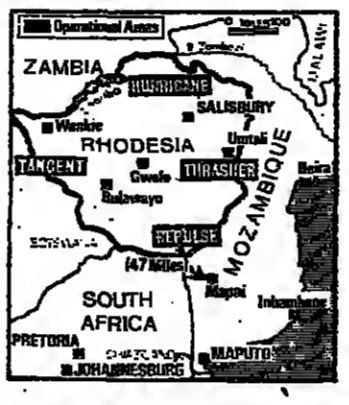
Briefly...

Companies

Chief price changes yesterday table

Rhodesians hold Mozambique town after border raid

Rhodesian security forces on a major hot pursuit raid against nationalist guerrillas have, for the first time, occupied a Mozambique town—Mapai—some 50 miles from the Rhodesian frontier in a move that is expected to provoke international protests.



Developing States reject West's aid-trade offer

Developing countries rejected today as totally insufficient the West's offer of an aid, trade and financial package aimed at stabilising commodity prices.

Tax rise threat if pay deal fails

MR. ALBERT BOOTH, Employment Secretary, yesterday gave a clear warning of tax increases if no new pay deal is reached with the TUC when the present policy expires.

Steel chief seeks radical changes

RADICAL and urgent changes in the structure of the nationalised steel industry were demanded yesterday by Sir Charles Villiers, chairman of the British Steel Corporation when he outlined how the corporation believes industrial democracy should develop in the industry.

CU chief executive resigns

MR. GORDON DUNLOP, the forceful 49-year-old accountant who has been chief executive of the Commercial Union Assurance, one of Britain's two largest composite insurance groups since 1972, has resigned because of policy differences with the Board.

Agreement

In time, he warned, BSC would be driven out of its market, including the home market, by competitors.

Worker directors at British Steel, Page 17

Mr. Booth was anxious yesterday to dispel any notion that the rough ride being given to a new pay agreement this year meant "we should resign ourselves to giving up the gloves and sitting back to watch a free-for-all."

Features and On Other Pages tables

Fastest to South Africa SAA advertisement with logo and flight details



LOMBARD

Rivalry over youth unemployment

BY MICHAEL DIXON

'AN ANOMALY'—says a time-honoured union maxim about pay-bargaining—is a differential that is an anomaly you want to introduce...

TUC support

The Prime Minister and a majority of his colleagues are understood to support an increase in the counter-measures. Moreover, such action is favoured by the Trades Union Congress and the Confederation of British Industry...

Other normal government departments, however, view this proposed payment as an anomaly. The Department of Health and Social Security has shown concern that the normal level of social security benefits for single persons look inadequate...

Precedent

However, the Education Secretary's weakest point in seeking funds to develop appropriate courses in further education is her lack of ability to guarantee to her Cabinet colleagues that the local authority will be the money to do it...

RACING

Monseigneur for the Derby with Caporello each way

IN THE BELIEF that there are no many uncertainties concerning Blushing Broom in a Derby in which stamina and jockeyship will be at a premium, I intend to take a chance with fellow-French-raised Monseigneur...

At the back of the seven-runner field in the early stages of the mile-and-a-half event, Monseigneur began to pick up ground approaching the two-furlong marker...

SOCCER

Wales first Wembley victory

WALES recorded their first-ever victory at Wembley last night with a 1-0 win over England, the first time they have beaten England since the 1930s...

Despite their limited resources, both in finance and players, Mike Smith, their manager, has produced a very good side, which is perhaps better illustrated by their 3-0 win over Czechoslovakia...

Man for man they are probably not quite the equal of the England XI, but their collective performance was superior in the first half, even if they were rather fortunate to survive the England pressure...

BY DOMINIC WIGAN

GARDENS TO-DAY

When azaleas must be admired from afar

IT WOULD BE perverse not to pay respects to the azaleas and rhododendrons in the weeks in which most of them are at their best...

So she has packed one side of the garden with Michaelmas daisies among bigger clumps of euphorbia and magnolias. These are for spring and September...

BY TREVOR BAILEY

Wales first Wembley victory

the two sides was that the Welsh understood the strength and weaknesses of each other, whereas England were still searching for the understanding absent from their performances in this very disappointing season...

The first half belonged almost entirely to Wales. England, of late guilty of missing chances, could not be blamed on this occasion, as they failed to create one scoring opportunity...

In sharp contrast Flynn, Yorath and Mahoney produced fine passes for their three front-runners. Sayer had two opportunities, but Deacy might have scored had he not hesitated...

BY ROBIN LANE FOX

When azaleas must be admired from afar

gathered from lime-soil. At first, I could take such trouble with a plant in two tubs. Otherwise, we gardeners on lime must look elsewhere...

So she has packed one side of the garden with Michaelmas daisies among bigger clumps of euphorbia and magnolias. These are for spring and September...

BY ANTONY THORNCROFT

Record price for Limoges box

AT CHRISTIE'S yesterday a record price of £21,000 (plus the 10 per cent. buyer's premium) was paid for a Limoges enamel gilt metal casket made by Jean Ponceau in the mid-16th century...

The casket was the top price in an auction of Renaissance bronzes, sculpture and works of art which totalled £194,573. Other record prices were £11,000 for a late 15th century Flemish oak relief of the Journey of the Magi...

Rolls-Royce had identified two significant requirements in the 16,000-35,000 lb. thrust range of power plants. One was for a functional engine while air lines had to revise their purchasing policies...

Fokker chief urges U.S. to be less aggressive

PARIS, May 31. The dangerous illusion that energy abundance might return had to be dispelled. Manufacturers must offer safer and more reliable aircraft...

Strategy

He summarised the report as a master strategy for securing even greater dominance in aerospace markets—a strategy which was self-defeating, he thought...

Competition

At the same time, air transport should end these forms of competition, which, even though sometimes benefiting travellers, represented an inadmissible waste of capacity...

FINANCIAL TIMES WORLD AEROSPACE IN 1977 CONFERENCE

He spoke of the danger of Europe being outclassed in technology by the U.S. and undercut in manpower by the Third World. He noted that Europe provided only 2 or 3 per cent of the world's aircraft market...

The prospect of further reduction of airline operations because of the increasing problems of both land use and crowding of airports was evoked by Mr. Marcel Cavalle, French Minister of Transport with responsibility for the aviation industry...

GRANADA

12.30 p.m. This is Your Host. 5.35 This is Your Host. 6.35 Crossroads. 6.50 Granada Reports. 6.55 University. 7.00 News. 7.15 Granada Today. 7.30 The Protectors.

12.30 p.m. Bygone. 1.30 Report West Headlines. 1.35 Report Wales Headlines. 1.40 Report West. 1.45 Report. 1.50 Challenge of the Seas. 1.55 Police Watchdog.

1.55 a.m. News Headlines and Road and Weather. 2.00 News. 2.05 Professor. 2.10 News. 2.15 Late. 2.20 Police Watchdog.

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BBC 1

6.40 a.m. Open University (LIVE only). 8.30 For Schools. 10.05 For Schools. 10.45 You and Me. 11.05 For Schools. 12.45 P.M. News. 1.00 Public Aff. 1.45 Teddy Edward. 1.50 Rhinoceros. 2.00 For Schools. 2.30 Derby Day Grandstand. 3.55 Derby commentary. 3.58 Regional News. 4.00 P.M. News. 4.15 P.M. News. 4.30 P.M. News. 4.45 P.M. News. 5.15 P.M. News. 5.30 P.M. News. 5.45 P.M. News. 6.00 P.M. News. 6.15 P.M. News. 6.30 P.M. News. 6.45 P.M. News. 7.00 P.M. News. 7.15 P.M. News. 7.30 P.M. News. 7.45 P.M. News. 8.00 P.M. News. 8.15 P.M. News. 8.30 P.M. News. 8.45 P.M. News. 9.00 P.M. News. 9.15 P.M. News. 9.30 P.M. News. 9.45 P.M. News. 10.00 P.M. News. 10.15 P.M. News. 10.30 P.M. News. 10.45 P.M. News. 11.00 P.M. News. 11.15 P.M. News. 11.30 P.M. News. 11.45 P.M. News. 12.00 P.M. News. 12.15 P.M. News. 12.30 P.M. News. 12.45 P.M. News. 1.00 P.M. News. 1.15 P.M. News. 1.30 P.M. News. 1.45 P.M. News. 2.00 P.M. News. 2.15 P.M. News. 2.30 P.M. News. 2.45 P.M. News. 3.00 P.M. News. 3.15 P.M. 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EUROPEAN NEWS

Russia and Egypt seek an end to hostility

By David Satter

MOSCOW, May 31. THERE IS little optimism that the meeting between Soviet Foreign Minister Andrei Gromyko and Egyptian Foreign Minister Ismail Fahmy on June 2-10 will lead to any significant improvement in relations but there is hope, and a measure of confidence, that it will stop the deterioration. Both Egypt and the Soviet Union have shown a desire to draw back from the mutual hostility which reached its worst level in February when the Communist Party newspaper Pravda called Egyptian President Anwar Sadat a liar in an editorial.

The two countries hold virtually identical positions on the Middle East and President Sadat is said to believe that 1977 is the year that some progress must be made in peace negotiations. The Russians have been trying to organise a joint strategy with the Arab states for the peace conference and they can hardly afford to be out of touch with Egypt, the largest Arab state of all.

The situation was distorted in April when Egypt and several other Arab states received a note from Moscow accusing Egypt of increasing tension in its relations with Libya and encouraging subversion. This note gave Mr. Sadat a tangible example of Soviet meddling in a quarrel between Arab states and he reacted by threatening to reduce the level of Soviet diplomatic representatives in Egypt, almost a threat to break off relations.

The visit of Romanian President Nicolae Ceausescu to Cairo in May was apparently intended as a means of mediating between the Soviet Union and Egypt. Mr. Ceausescu is said to have arrived with a message from the Russians and two days after his arrival President Sadat announced that "new developments" would soon be introduced into Soviet-Egyptian relations. The Egyptian media immediately halted anti-Soviet propaganda and this has been followed by a reduction in direct anti-Egyptian comment in the Soviet Press.

On the face of things, Egypt and the Soviet Union appear to have every reason to want to settle their differences. Both take the same view of the Middle East peace settlement and the core of the Egyptian armed forces' weaponry is Soviet manufactured. The reason no close Soviet-Egyptian relations are likely to develop in the foreseeable future is that the two countries differ fundamentally in their ideas on what those relations should be. The Egyptians want Soviet arms supplies and a renunciation of the huge Egyptian debt but they want them under circumstances that will allow Egypt to maintain its close alliance with the United States. The Russians are unwilling to arm Egypt and grant her more favourable financing on this basis.

The Egyptians are prepared to have normal state to state relations with the Soviet Union but not to accept a "special" relationship. The Soviets seek such a relationship, which would imply obligatory support for Soviet foreign policy initiatives, an "entente" in external affairs, and a Socialist line internally. Since the Egyptians have adamantly refused to accept this it appears they can expect little help from the Soviet Union in areas important to them.

The most important question for the Egyptians is the question of arms. The supply of Soviet arms to Egypt was completely cut off in 1974 and after the second stage Sinal disengagement agreement, the supply of spare parts was cut off as well. The Egyptians have turned to Britain and France for armaments and may seek them from the United States. Egypt is militarily weak and there is no denying the advantage that renewed Soviet arms deliveries would present.

Besides arms, the Egyptians need some relief from payments on their massive debt to the Soviet Union. The debt is a legal claim of 12 billion Soviet roubles, technical and military assistance. The size of the military debt is not known but the Soviets, who built 84 per cent of the factories operating in Egypt, are owed approximately 1.5 billion for non-military assistance.

The Russian and Egyptians this year negotiated a new one year trade agreement that provided for Egyptian exports to the Soviet Union with a value of £226m, and imports with a value of £163m. The balance of £63m is going towards repayment of the debt. The Egyptians have been asking, however, for a lengthy release period followed by re-scheduled payments spread out over a long time.

The Egyptians are not prepared to accept a closer relationship with the Soviet Union at this time although the victory of the right wing Likud bloc in Israel adds a new impetus to the situation. They may hope to emerge from the Foreign Ministers' meeting with a friendlier face in their relations with the Soviet Union than has existed in the past and an agreement to refrain in the dissemination of hostile propaganda.



West Berliner's garden wall.

How Berlin has learnt to live with the Wall

BY LESLIE COLLITT

WEST BERLINERS have grown so used to the wall in the hourly 16 years they have lived with it that it takes visitors from outside the city to jolt them into realising its impact. Most West Berliners rarely even see the wall—apart from those living directly in its shadow or the commuters on the north-south stretch of the city's elevated railway who roll past some of its grimier stretches on their way to and from work. Even so, after taking this trip twice a day for years one can easily fall into day-dreaming about one's next holiday while gazing directly at the concrete barrier separating East and West Berlin.

One of the more fascinating aspects of learning to live with the wall can be seen in the outlying suburbs of West Berlin where neat private gardens stretch right up to the official border and even beyond. The West Berliners have moved into what has in effect become a no-man's-land between the original border and the more recent wall, built further back on East German territory.

West Germany, except that they all end in a grimy 12-foot high wall. On top is wide diameter tubing to prevent malleated East Germans from scaling it. Within the gliver of land two to ten yards wide, that lies between the actual frontier, marked by concrete posts and rusted barbed wire, and the later wall, the West Berliners have erected tool sheds and dog kennels, the backs of which abut directly on the wall.

Others breed rabbits on the East German frontier while their wives dry their washing on poles planted inside East Germany. These West Berliners on the fringe of their city state arc understandably defensive about their border structures and very reluctant to talk about them to someone who might be a prying city official.

On one forlorn stretch of border that cuts through green meadows of East Germany and West Berlin, a resourceful West Berliner has erected a wooden hut where he raises bees and warns strollers: "Danger of stings, bee-culture." The East German Government has so far not objected to his presence underneath the wall.

One of the oddest situations along this Kafkaesque border area has developed over a narrow strip of land, belonging to the East German town of Glienicke, that juts 500 yards into the northern part of West Berlin. The city of West Berlin has been trying to buy the property, known as the Duce's Bill, just as it has bought other bits of East German hinterland in order to permit truncated roads to be rejoined on the western side.

West Berlin is said to have offered up to DM100m (£25m) for this area but so far the East Germans have—untypically refused the lucrative offer. One problem is that, unlike the unpopulated chunks of land East Germany has sold in recent years to West Berlin, this bit of property is inhabited by some 25 families of well-placed Communist Party officials. They live in spacious villas—all with a view of the wall—and oppose any sale of the Duce's Bill to the West on ideological grounds, arguing that selling any inhabited portion of the German Democratic Republic to the West would throw into question the inviolability of its territory. In short, they don't want to be evicted.

Along some inner city sections of the wall, which stretch nearly 100 miles round West Berlin, East Germany has been spraying up the edifice with smooth new slabs of concrete that have been given a fresh coat of white paint. On the west side, most of the earlier anti-Communist slogans have given way to more relaxed profanity. But one Marxist organisation has painted great segments of the wall with slogans such as: "The wall must go" and "Out with the occupiers to the east and west."

Scarcely any East Germans make it over the wall any more. An unknown number come through the two checkpoints from East Germany concealed in the vehicles of westerners using the East German autobahn from West Germany. Driving along this route has been simplified since the 1974 Four-power Berlin agreement. But a high proportion get caught in East Germany because the transit routes are teeming with East German people's police and volunteers in civilian clothes.

Escapes. Out of the 620 East Germans who did make it to the West across the (frotter last year, only 30 to 40 came over the wall. The other 4,580 who escaped got to West Germany via the transit routes or through third countries. The steadily increasing number of escapes to West Berlin is the result of the "modern border" round the city: nine-foot high metal screens, electric fences, 260 dog runs for Alsatians, 245 watchtowers and carefully raked strips of earth all along the 13-foot high final wall.

East Germany's leadership has its own explanation for the wall. In a speech this week to East Berlin, Herr Erich Honecker, Secretary-General of the Communist Party and Government leader, took issue with West German Chancellor Helmut Schmidt for criticising the wall recently to West Berlin. Herr Honecker noted that at the wall the "power of the imperialists comes to an end once and for all. If these gentlemen don't like the wall, for us, to use the words of the folk-lift driver Gerhard Meritz, it means security and peace in other words the most precious possession of mankind."

Violate.

The suburban West Berliners have become an adept at ignoring the "State border of the German Democratic Republic" that East Germany has called on the West Berlin city government to stop its inhabitants encroaching on East German territory. The East German negotiators with West Berlin, Dr. Joachim Meidank, has handed his West Berlin counterpart a folder of photos showing the various infringements, and demanded that they be removed immediately.

West Berlin's reply, however, is that all matters concerning the border fall within the jurisdiction of the Western allies. For their part, the Americans, Britons and French are not going to exert themselves over the issue as long as East Germany continues, in their view, to violate the Four-power status of Berlin by maintaining a wall through its middle.

The area at the wall that East Germany is complaining about presents a study in human adaptability. Behind their homes the West Berliners prune and water flower-filled gardens that look like those anywhere else in

overlooking the Trocadero gardens LES PALAIS DE CHAILLOT "Marc Boissiere" 2, avenue d'Iéna 75116 Paris - France the most exclusive address The first owners already enjoy the most magnificent site in Paris. Studios, suites, apartments, art gallery in 2 buildings of outstanding class Information - SECIP SAVES, 59 bd Souchet, 75016 Paris, France - tel. 424.46.06



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Georg Fischer ensures water supplies in the Arabian desert - for without water there is no life



A desert country like Saudi Arabia needs water. Progress depends on water. Without water systems Arabian farmers and their livestock have to wander from one oasis to the next in order to survive at all. This country, whose vast oil reserves make it one of the richest in the world, can develop and expand its modern civilization only if urgently needed water is available at the right time and in the right place.

Pipeline systems are the vital link. To satisfy the enormous water requirements of a desert country like Saudi Arabia efficient, reliable water supplies are essential. Hundreds of new apartments in fast-growing towns have to be connected to adequate services. A young rural economy needs irrigation systems to transform desert regions into fertile, arable land. But a backlog of demand of this



magnitude poses problems - problems which are solved with +GF+ technology. Following intensive

research +GF+ has succeeded in developing products which are particularly resistant to the aggressive properties of soil and water in these regions. As a leading manufacturer of pipe connections and fittings in both cast metal and plastics in Europe, +GF+ is the right partner in the Middle East. More and more Arab companies are realizing this.

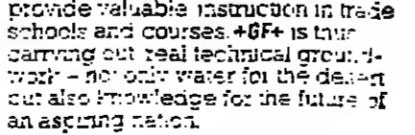
One such company is the Saudi Arabian Plastic Products Company, a local manufacturer of plastic tubings. In partnership with +GF+ this company has founded in Riyadh a joint subsidiary, APLACO, which will manufacture in Saudi Arabia certain items of the +GF+ range under the technical and commercial guidance of the Schaffhausen group. +GF+ has analyzed the market and carried out requirement forecasts for its partner and will also be responsible for build-

ing and equipping the manufacturing facilities and for the education and training of personnel. APLACO is an example of true partnership - the kind of joint venture which +GF+ is seeking all over the world.

European business principles in the Middle East

Product and service - that is the maxim which has made +GF+ successful in the European market. Now it is also to apply in the Middle East. Apart from top-quality products +GF+ offers technical advisory services and training facilities for skilled personnel.

Training programmes in Arabic with textbooks, slides and illustrative material provide valuable instruction in trade schools and courses. +GF+ is thus carrying out real technical ground-work - not only water for the desert but also knowledge for the future of an aspiring nation.



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شركة زوايا



Baffi plea on Italy's banking system

By Paul Bets

ROME, May 31. THE international credibility of the Italian banking system must be protected to guarantee the country's economic recovery, according to Sig. Paolo Baffi, the Governor of the Bank of Italy.

In a wide-ranging address during the annual meeting of the central bank here today, Sig. Baffi said the impact of the balance of payments deficit on reserves had been so far softened by the steady increase of the foreign indebtedness of the Italian banking system. At the end of last year it was about equal to currency reserves totalling some \$3bn. and by the end of last month this foreign indebtedness had increased to about \$5.2bn.

Thanks to this increase, the banking system had succeeded in "building a bridge" to help the country in its attempts to secure a more stable financial equilibrium at a time when the payments deficit stood at some £1,300bn. (about \$1.5bn.) and annual oil demand had reached 14,500bn. Although there has been a 7 per cent. reduction in energy consumption compared with 1973.

Sig. Baffi said there was a need for concerted economic policies by the political forces and the country's economic operators to safeguard long-term credibility. "While the stronger economies of western Europe are aiming towards a 3 per cent. annual inflation rate, we can no longer talk about a figure five times higher without jeopardising our position as regards international commercial and financial exchanges."

Sig. Baffi pointed out that future annual growth rates were unlikely to exceed 3 per cent. In real terms, during the 1964-73 period, despite serious economic difficulties, the growth rate had averaged just below 5 per cent. whereas it had dropped to 2 per cent. since.

One of the major problems remained the lack of flexibility in labour costs, which in the manufacturing sector registered a 10 per cent. unit cost increase last year following a 35 per cent. rise in 1975. In Japan and West Germany, on the other hand, labour costs per unit had effectively decreased last year, and had risen only by 1.2 per cent. in U.S. and France.

Sig. Baffi said that Italy's international competitiveness must be improved through a policy of industrial renewal, new investments and an effective labour policy. Last year, in spite of the international recovery, fixed investments rose by a mere 2 per cent—a relative improvement on the 13 per cent. drop in 1975—while in the industrial sector a 2 per cent. fall was recorded following a previous decline of 22 per cent.

The central bank Governor called for closer collaboration between the credit system and the industrial sector and called for urgent measures to revitalise the risk capital market by removing fiscal obstacles limiting its potential. The deterioration of the performance of individual industries had led in an ever-increasing debt accumulation. Although the net indebtedness of the public sector last year remained stationary at the 1975 level of £13,900bn. and its ratio against gross domestic product had effectively decreased from 12.2 per cent. to 9.8 per cent., public expenditure last year exceeded £67,500bn. or about 50 per cent. of GDP. Its expansion, which was accelerated in the latter half of the sixties from 33 per cent. in 1964 to 36 per cent. in 1964, had grown by 42 per cent. in 1974 and by 48 per cent. in the last two years.

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TURKS WARNED ON POLL DAY VIOLENCE

Army may be called to keep peace

BY DOMINICK J. COYLE

ANKARA, May 31.

WITH THE main political rallies ahead of next Sunday's Turkish general election, now being guarded by troops and armed forces, the country's Supreme Election Council (SEC) has promised to use the armed forces, if necessary, to ensure peace on election day.

In view of the mounting pre-election violence—the Istanbul dome of a leading industrialist was bombed last night and a policeman shot in Erzurum—the SEC said all precautions for a peaceful election had been taken, and there is no need for any suspicion and fear on the subject.

The police, gendarmerie and "where necessary" the armed forces would be used in maintain law and order, the SEC said. However, the very fact that it was thought necessary to issue such a statement is itself another indication of the state of tension which exists throughout the country, but principally in the major towns and cities, in the closing days of this bitter campaign.

There is now open speculation that there could even be an assassination attempt on the life of Mr. Bulent Ecevit, the Opposition leader, who he addresses his Republican People's Party (RPP) final rally in Istanbul on Friday. Some 34 people died there on May Day when, it is alleged, so-called Maoist forces fired into the crowd attending a rally organised by DISK, the left-wing trade union organisation which supports Mr. Ecevit.

Mr. Ecevit, whose party is expected to come out ahead of all its opponents in Sunday's poll, understood to have discussed security arrangements for his final rally. In fact, since the May Day massacre, large forces of armed troops, supported by armoured cars, are on semi-permanent standby duty close to the main rally centres in the larger cities and towns.

Meanwhile, the right-wing newspaper Tercuman, claimed in an article today that the "strategy of tension" in the run-up to the Turkish elections had been planned at a meeting in Berlin of the "Turkish Socialist Revolutionary Council" at which the paper claimed "all legal and illegal Marxist and Leninist organisations of Turkey were represented."

Tercuman has printed details of what it says is a 21-point resolution adopted at that meeting, the preamble to which notes that the Socialist revolution in Turkey could only be reached at the desired level with the RPP coming to power. "So everything should be done to bring the RPP to power, going as far as confiscating ballot boxes."

The newspaper's own right-wing position is such that there must be doubts about the authenticity of the document, despite the publication of what purports to be a photocopy of it. Also the outlined instructions "to activists" for a phased escalation of pre-election violence, is, in large part, a mirror image of actual events. The document foreshadows a major outbreak of political violence starting "three days from the election."

The Prime Minister, Mr. Suleyman Demirel has now charged directly that Mr. Ecevit is a Communist. The RPP leader has replied with allegations of fascism against Mr. Demirel. Throughout the country, many of their respective party candidates are taking up these charges, while the actual Communists and the neo-Fascists, the latter led openly by one of the three Deputy Prime Ministers in the ruling coalition, Mr. Alpaslan Turkes, are armed and out on the streets.

Bid to avert W. German strikes

BY JONATHAN CARR

BONN, May 31.

INTENSIVE EFFORTS were under way today to head off two strikes in West Germany. One at Lufthansa, the largely state-owned airline, the other in part of the chemical industry.

The white collar workers' union, the DAG, in which most of Lufthansa's 5,500 aircrew are organised, had given the airline until midday today to improve an offer on pay and conditions. But at the last moment the union said it was ready for further talks provided the Board chairman, Dr. Herbert Culmann, took part. The Board will decide on the offer tomorrow.

The Lufthansa situation is complicated by the long-standing rivalry between the DAG and the OETV, the public service workers union in which most Lufthansa ground staff are organised. The OETV has already accepted the offer of a pay increase of between 5.3 per cent. and 6.9 per cent. (depending on wage level). The DAG has manoeuvred itself into a position where it would be hard to back down without losing face.

The other threatening strike is in the chemical industry in the state of Rhineland Palatinate. Some 90,000 workers would be involved, many of them at BASF, which last year almost doubled its net profit to DM607m. The employers have offered a wage increase of 7 per cent.—a figure already accepted in chemical industry negotiations in the neighbouring state of Hesse. But the union in Rhineland Palatinate insists that account must be taken of local circumstances in fixing wage rises. It feels that in its area the employers can afford more.

Some sources believe the departure of Sr. Fernandez Miranda may herald the end of this role for the Council of the Realm, and that the King will wish to select a Premier solely on the basis of which party leader can command a majority in parliament. Meanwhile, Crown Prince Fahd of Saudi Arabia arrived in Madrid this evening against a background of mounting concern over the state of the Spanish economy. With a current account deficit of nearly \$4.3bn. last year, and a similar figure expected this year, the Spanish regime is anxious to secure further foreign loans and avoid an abrupt change in economic policy that could threaten the transition to full democracy.

As president of the Cortes, he also chaired the Council of the Realm, the constitutional advisory body that presents three candidates to King Juan Carlos for replacement next month by a popularly elected two-chamber parliament, to-day announced that his resignation had been accepted by King Juan Carlos. The decision came as a shock to the most right-wing parties, who saw in Sr. Fernandez Miranda some hope that the new parliament would be guided by relatively "safe" hands.

Cortes president resigns

BY ROGER MATTHEWS

MADRID, May 31.

SR. TORUATO Fernandez Miranda, president of the Spanish Cortes which is to be replaced next month by a popularly elected two-chamber parliament, to-day announced that his resignation had been accepted by King Juan Carlos.

The decision came as a shock to the most right-wing parties, who saw in Sr. Fernandez Miranda some hope that the new parliament would be guided by relatively "safe" hands.

The outgoing president of the Cortes, who has been asked by the King to stay in his job until the June 15 elections, was formerly one of the diehards of the Franco regime and served as Deputy Prime Minister under the late Admiral Carrero Blanco. He was considered by parties to the left of centre, and perhaps even by Sr. Adolfo Suarez, the Prime Minister, to have been a potential handicap to the new parliament.

EEC anti-terrorist moves

BY DAVID HABAKKUK

NEW COMMON Market measures to combat international terrorism are being launched following a top-level meeting of senior Ministers in London yesterday.

Interior and Justice Ministers of the nine EEC countries agreed to strengthen co-operation and the exchange of information between their various security forces.

Although the meeting has been scheduled for some time it comes as the two sieges in Holland, in which Snuth Moluccan terrorists are holding 60 people hostage, appear to have reached deadlock. The gunmen have asked for mediators to negotiate an escape route for them.

Several anti-terrorist experts—including three Special Air Services operatives—have been flown in Holland from Britain to assist in the operation.

The Ministers were meeting in London under the chairmanship of Mr. Merlyn Rees, the British Home Secretary to review the programmes of work by officials set up by a previous ministerial meeting held in Luxembourg last year as the result of a U.K. initiative.

Among those present were Dr. Werner Maihofer, the West German Minister of the Interior, Mr. C. Bonnet, the French Interior Minister, and Mr. Patrick Cuoney, the Irish Minister of Justice.

At a new conference after the meeting, Mr. Rees singled out arms smuggling as probably the most significant of the topics discussed. There is already international co-operation against arms smuggling, he said, but "at present it does not work."

Austria Cabinet revamped

BY PAUL LENDVAI

VIENNA, May 31.

THE PRESIDIO of the ruling Austrian Socialist Party today approved a major Government shuffle involving the Ministries of Defence, Interior and Transport. Chancellor Bruno Kreisky announced that the former Minister of Defence, General Karl Luegerdorfer, whose resignation was officially accepted today by the Federal President, will be succeeded by Mr. Otto Roesch, 60, currently Minister of Interior.

Mr. Erwin Lenz, 47, at present Minister of Transport, will take over as Minister of Interior. He in turn will be replaced by Mr. Karl Laussekner, 48, hitherto Secretary of State in the Federal Chancellery. Dr. Franz Loeschbalk, chief of personnel at the Municipality of Vienna, will move into the Federal Chancellery as Secretary of State.

The first Government shuffle since the Socialist electoral victory in October 1975 was made necessary by the involvement of the former Minister of Defence in an ammunition export scandal which, after five months of lurid revelations and half-hearted denials, forced him to resign. However, the Chancellor today paid pointed tribute to the work of the non-Socialist professional army officer who belonged to his Cabinet for six years.

Soviet dissident convicted

BY DAVID SATTOR

MOSCOW, May 31.

MRS. MALVA LANDA, a founding member of the committee of Soviet citizens which monitors Soviet observance of the 1975 Helsinki accord, was today found guilty by a people's court of negligence in connection with a fire which broke out in the apartment on December 18, and sentenced to two years of internal exile. Mrs. Landa is the first member of a Helsinki group to be found guilty of a crime.

Danes forecast payments boost

BY HILARY BARNES

COPENHAGEN, May 31.

DENMARK'S BALANCE of payments deficit will improve from Kr.11,500m. last year to Kr.8,500m. this year, according to an Economics Ministry survey.

This compares with a recent Economic Advisory Council report, which forecast so unchanged external deficit this year. The difference between the reports is that the Ministry sees a small drop in imports; the Council expects a small increase.

The Ministry believes GDP will increase by 11 per cent. this year, and unemployment will rise to 7.7 per cent. of the labour force. In spite of an attempt to curb wage and price increases, the survey said both will go up by 10-11 per cent. this year.

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کتابخانه

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Starting this Derby Day, Iran Air have flights to New York every day. All by Jumbo Jet. Either the 747-200B, our latest plane; or our 'Special Performer', the 747SP. Both firm favourites for the transatlantic run. The off is at 14.15, every day. And at 16.45, they'll finish at JFK's 'Worldport' terminal—built especially to provide the fastest possible service for passengers. Ask your travel agent about our new daily schedule to New York. And whichever plane you fly, you'll be on a winner. IRAN AIR The world's fastest growing airline.

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AMERICAN NEWS

U.S. may renegotiate nuclear agreements

WASHINGTON, May 31. PRESIDENT CARTER is considering appointing a special ambassador to take charge of the administration's sensitive negotiations with countries which receive nuclear technology or uranium from the U.S.

The White House declined to confirm or deny a report today that the President has chosen Mr. Gerard Smith, at one time chief arms control negotiator under President Nixon, and given him the task of renegotiating almost all the 30 nuclear co-operation agreements which exist between the U.S. and other countries.

The Carter Administration has put great emphasis on the need to restrict access to advanced nuclear technology, because of the dangers it can pose to world peace. This policy has already caused problems among the western allies, particularly with West Germany and France, and has also produced an angry reaction in Brazil, which is still planning to buy advanced technology from West Germany.

Mr. Smith, who is 62, first joined government service in 1950. After a number of different jobs, he was appointed chief arms control negotiator by Mr. Nixon in 1969. He resigned in January, 1973, after becoming increasingly clear that the arms control negotiations with the USSR were being largely contradicted by Dr. Henry Kissinger's summit last month, the administration had been content to leave negotiations on the nuclear issue in the hands of senior State Department officials. But after the summit the President apparently became convinced of the need to appoint a special negotiator in view of the sensitivity and complexity of the issues involved.

The main effort of the new Carter policy is to persuade other countries to forego development of plutonium reprocessing, and also of the fast-breeder reactor, until advanced technology can be used to eliminate some of the risks currently associated with them. At the same time, the administration wants some kind of international control of the movement of nuclear fuels and plutonium reprocessing. Among other things, the new U.S. negotiator will be attempting to get other countries to agree to give the U.S. a partial power of veto over agreements of the kind already signed between West Germany and Brazil. The U.S. terms of the Carter proposals would insist on the right to refuse to approve transfer of equipment, supplied, or derived from equipment supplied by the U.S. The U.S. would also insist on the right to refuse disposal of spent fuel supplied by the U.S., or derived from processes using U.S. technology or reactors.

These are all highly contentious issues, and it is expected here that this summer will see a meeting of the 30 or so countries involved in an effort to try to find common ground before detailed individual talks get under way.

Occidental sues for \$43m. compensation in Venezuela

BY STEWART FLEMING

NEW YORK, May 31. OCCIDENTAL Petroleum has filed a suit with the Supreme Court in Venezuela seeking some \$43m. in compensation for its oil interests acquired by the State under its January 1976 nationalisation law.

The suit asks the Venezuelan Government to pay for investments made in Lake Maracaibo where Occidental worked under a service contract prior to nationalisation of the Venezuelan oil industry.

Occidental had been engaged in talks with the Venezuelan Ministry of Mines of Hydrocarbons about compensation when allegations were made by a former employee of the company that it had paid some \$3m. in bribes to Venezuelan officials in the light of these allegations, the Venezuelan Government broke off the discussions about compensation.

Late last year, however, a Venezuelan judge dismissed charges against six people accused of being implicated in what had been described as payments by Occidental to win contracts to operate in the country.

Since that finding, the company has been trying to reopen negotiations about compensation through normal administrative procedures, a spokesman said today. But so far it has failed in this attempt and has therefore decided that its only alternative is to sue.

Occidental's interests in Venezuela related to a service contract which it had there to explore for oil. The company had conducted its exploration activities on a number of sites but the suit it has filed relates to only one of the blocks where it is agreed that its drilling had uncovered commercially viable reserves. The company has any operations in Venezuela and has written off some \$73m. in connection with its withdrawal from the country.

Meanwhile, in a development tangentially related to the Watergate affair, the Supreme Court today upheld a Nebraska court order disbarring Mr. G. Bradford Cook, former chairman of the Securities and Exchange Commission (SEC). The State Court had disbarred Mr. Cook for three years in 1975 because it concluded that he had committed perjury in the course of testimony to a New York grand jury investigating the alleged looting of mutual funds by Mr. Robert Vesco, the "rescuer" of investors Overseas Services. Mr. Vesco is now a fugitive from American justice in Costa Rica.

Mr. Cook testified that he had spoken to nobody about the SEC's investigation of Mr. Vesco. It subsequently emerged that he had discussed the matter with Mr. Maurice Stans, ex-Commerce Secretary and chief fund raiser for the Nixon re-election campaign in 1972. Mr. Vesco, it has been alleged, was seen as a sizeable potential contributor to that campaign.

Mr. Mitchell, Attorney-General in President Nixon's first term, would become the first Cabinet Minister in more than 50 years — since the "Teapot Dome" scandal in 1929 — to go to prison. Mr. Haldeman, who, along with Mr. Ehrlichman, formed the "Berlin Wall" of White House advisers around the former President, said last week that he was as disappointed by the explanations Mr. Nixon had offered for the Watergate scandal in his television interviews with David Frost that he would himself be writing a book on the subject, pulling no punches.

Mr. Ehrlichman has already produced such a book — in a thinly disguised fictional form — entitled "The Company" which sold well and which is being translated into a television series.

Mitchell, Haldeman to go to jail

BY JUREK MARTIN, U.S. EDITOR

THE SUPREME Court this morning turned down the last legal manoeuvre that could have saved Mr. John Mitchell and Mr. H. R. Haldeman from serving time in prison for their Watergate convictions.

The court rejected without comment a petition asking for a delay in carrying out the sentences, pending a final reconsideration of the case. It is considered extremely unlikely that the court will agree to review the case — which lawyers for Mr. Mitchell and Mr. Haldeman have also sought — but any ruling on this will not be made until after the two men have begun their jail sentences.

Last week the court rejected the appeals against conviction by Mr. Mitchell, Mr. Haldeman and Mr. John Ehrlichman, who has already started serving time voluntarily in a minimum security prison in Arizona. Mr. Ehrlichman did not join the other two in the appeal for a stay of execution and a final reconsideration.

The Supreme Court's action today means that it is now up to the trial judge, Mr. John Sirica, to determine when the jail terms should begin. All three men have been given terms from 30 months to eight years in prison.

FTC to study airport car hire

BY JAY PALMER

THE U.S. Federal Trade Commission (FTC) has launched yet another potentially wide-ranging anti-trust study of U.S. airport car rental operations. However, unlike past investigations, which have concentrated on the activities of the car rental firms themselves, this one will look at the conduct of the airport operators.

An FTC spokesman said the study will cover 59 domestic and international airports in 33 states and the Commonwealth of Puerto Rico. Airports actually named as targets of the investigation include New York City's John F. Kennedy International and Newark airports.

This apparently new investigation is an offshoot of the FTC's earlier anti-trust cases against the airports' three largest car rental firms—Hertz, Avis and National. These companies, which dominate car hire at airports, were accused of conspiring to fix airport car rental fees at above-average levels.

Concorde NY appeal

BY DAVID WHITE IN RIO DE JANEIRO

A THREE-MAN federal Court of Appeals to-morrow hears a plea by the operators of New York's Kennedy Airport to stop the Anglo-French supersonic airliner Concorde from landing there.

Some legal experts believe that the outcome of the appeals case, the latest in a series of legal moves expected to reach the Supreme Court, may hinge on a footnote to the decision by former Transportation Secretary William Coleman last year allowing Concorde in for test flights. Others think it may be the briefs expected by June 20, submitted later today by the Department of Transportation and the State Department.

The briefs, requested by the Court of Appeals last week after it decided to hear the case, mark the first time either of the federal departments has been asked for an opinion. The Transportation Department has not said whether it will oppose, and the State Department has not even commented on the briefs. It adds a new element to the case. Meanwhile, Air France said that it will reconsider plans to begin scheduled Concorde service to New York on June 20. "June 20 is not a realistic date at this point," an Air France spokesman said. Agencies leases and contracts to firms and companies wishing to set up airport offices for business. In particular, the agency is trying to determine whether or not airports have violated Federal antitrust laws by restricting trade or indulging in price-fixing.

BRAZIL'S SAO FRANCISCO RIVER. Aiming for a flood of development

BY DAVID WHITE IN RIO DE JANEIRO

FOR GENERATIONS riverside families in the Sao Francisco valley, in northeast Brazil, have lived in poverty, by disease, drought, and the capriciousness of the river. Paddles-toekers still run 500 miles along the Sao Francisco river through flat landscapes of Minas Gerais and Bahia states. But a series of upheavals is beginning to affect villagers, boatmen, the river itself, and the drought country around it.

Some 60,000 people are being moved from their homes along a 200-mile stretch of the river, upstream from a new 240m dam at Sobradinho. In the next two years the whole area will be flooded, making the biggest lake in South America after Lake Titicaca on the highland borders of Peru and Bolivia.

In other parts of the valley, which runs through one of the continent's poorest regions, irrigation farming is getting under way on land expropriated by the Government, producing vegetables and "quality" fruits such as mangoes and grapes. It is Brazil's first big-scale experiment of this kind, developing irrigation in water and soil resources of a major river valley.

It is the biggest Government-sponsored irrigation scheme and one of the first serious efforts to get effective water projects into action in a poor farming region. Apart from the dam, \$90m. of Government money is being invested in the region over the next five years. The state-owned Sao Francisco Valley Development Company (Cofesva), set up three years ago after 25 years' cessation, will spend \$225m. in the next five years. The Sao Francisco, nicknamed the "Old Chico," served in colonial times as an important artery between north-east and central Brazil, between the Atlantic coast and wilderness of the interior. The valley region, four-fifths the size of Texas, holds 10m. people, mostly concentrated at the two extremes — in the urban region of Belo Horizonte and in the rice-growing coastal area of Sergipe and Alagoas states.

periodically washed away by high waters. To the east is one of the worst drought areas. Soaring is poor, and the river provides the only sanitation for the region. A debilitating and eventually fatal illness picked up from bugs and due to bad housing conditions, is endemic. Average income per head in the valley is about \$200 a year. The authorities expect this to double in real terms by the mid-1980s.

Under present plans the region will before the end of this decade be producing 3.5m. tonnes of food a year, which will make it one of the main agricultural centres of the northeast. Its potential is put as high as 50m. tonnes.

The river already supplies Four towns are being abandoned and rebuilt elsewhere. Two, Casa Nova and Sento Se, are already deserted. Four thousand of the families are being shipped some 300 miles away to Bom Jesus da Lapa, Bank and Organization of where the Government's National Institute for Settlement and Land Reform (Inera) is running a scheme on expropriated cattle land. The colony has already begun to produce rice and cotton as well as the traditional crops of the region—beans, maize and mandioca (cassava).

Settlers get free housing with water and electricity, and the benefits of schools and medical assistance. But they start off with a debt for the land—40-acre plots, a small corner of each already cleared by the Institute.

Up to the first harvest, when they are earning nothing from their work, they receive in compensation the local minimum wage of about \$9 per week per family. By boat or by bus, over 1,000 families have already moved to the colony, where they are operating to pool resources for marketing, fertilisers and farm tools, but 45 families have quit.

The colony lies in the biggest and most fertile of half-dozen areas selected by Cofesva for irrigation farming. In total, 3,000 square miles are to be irrigated.

Near the coast, where frequent floods and a high population create serious social problems, work is well advanced, and in the region near the dam, around the growing towns of Juazeiro and Petropolis, a more advanced planned development will be complete when the power station goes on stream in 1978.

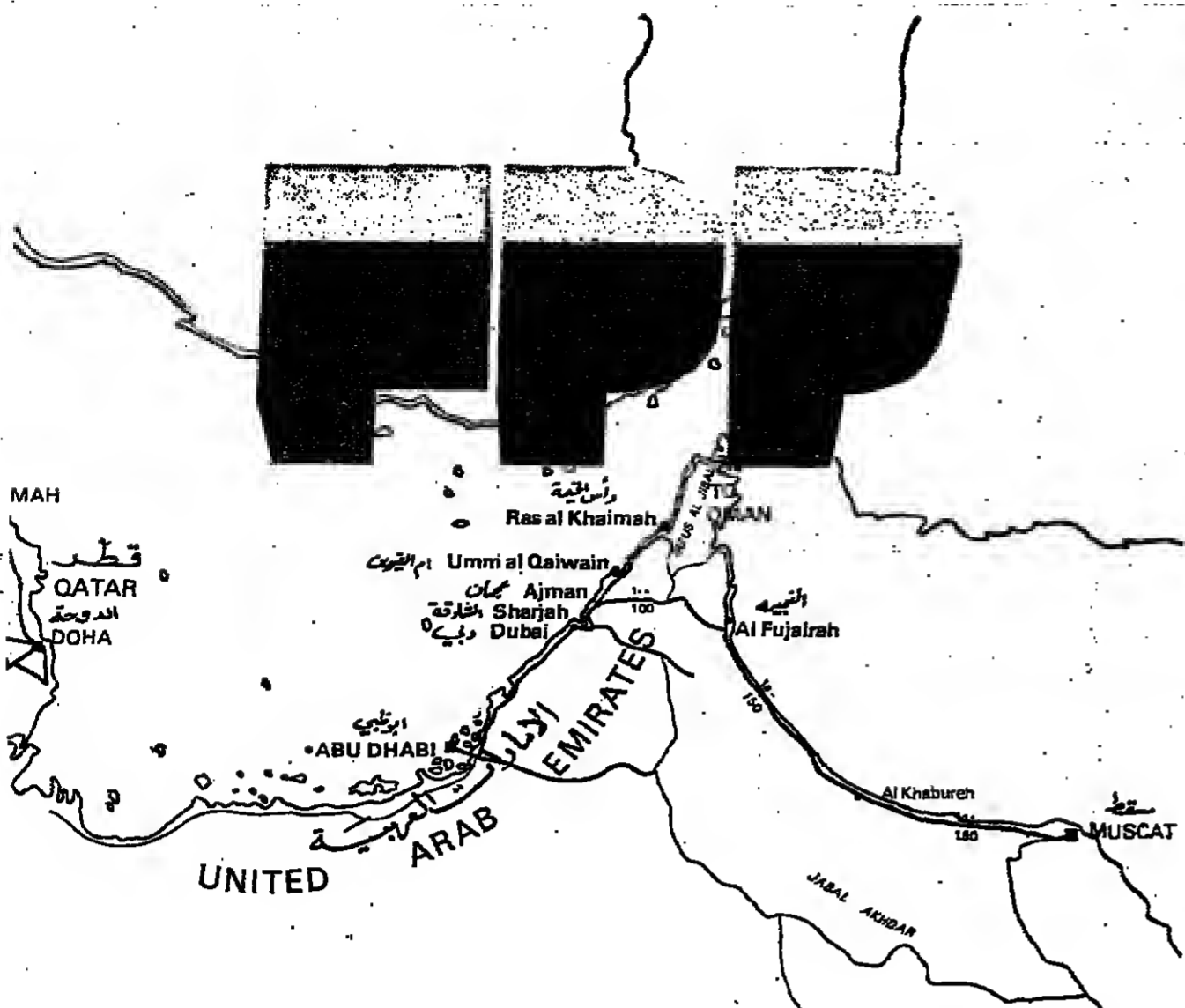
But in other areas, devoid of basic facilities such as roads and electricity, the bulk of development will have to wait at least until the

another five-year national plan comes into force in 1980. It is estimated that over 11,000 square miles could feasibly be irrigated and farmed in the valley, and results of the first stage, carried out with World Bank and Organization of American States support, are promising. Yields have been obtained from sugar plantations in the region almost three times as high as those obtained in the "noble" land of Rio de Janeiro state.

New approaches are being tried to co-operative farming after the failure of earlier experiments through lack of financial and technical support. Old co-operatives in the region were found to be in debt, disorganised and close to disintegration.

First results have been successful. A pilot scheme near Juazeiro is reported to be thriving and its new crop of melons is being exported to Britain.

But co-operatives are only being set up in 20 per cent of the area, the rest being earmarked for development by private companies. The reasons given are difficulties in cultural adaptation, which handicap the growth of co-operatives, and the need for investments in agro-industry. Tomato concentrates are already being produced in the Juazeiro region and sugar and beef production is planned in other project areas.



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PUBLIC NOTICES GLASGOW DISTRICT COUNCIL. A meeting today 8.30 a.m. to 11.30 a.m. on 1st June 1977. Agenda: 1. Report of the Council on 28th May 1977. 2. Report of the Council on 28th May 1977. 3. Report of the Council on 28th May 1977.

Handwritten Arabic text at the bottom of the page.



OVERSEAS NEWS

Likud negotiations for coalition enter final stage

By Daniel

TEL AVIV, May 31

WHILE PRESIDENT Katzir... Likud coalition. Mr. Begin...

service by girls post-mortem... work on the sabbath.

Most DMG members oppose... any further encroachment...

Less than 24 hours after... receiving a request for further...

Without participation of the... DMC, the Aguda could expect...

The question of portfolios will... become a major issue as the...

These assurances, conveyed by... letter to the DMC, appear to be...

LOCAL and foreign oil experts... are currently examining the...

Mr. Lee appeared convinced... this evening that nothing will...

Israeli Suez oil search

By our own correspondent

TEL AVIV, May 31

The DMC secretariat and its... newly elected Knesset members...

However, it is not yet clear... whether the well could produce...

Mr. Lee appeared convinced... this evening that nothing will...

Japan backs Singapore chemical complex

By Douglas Ramsey

TOKYO, May 31

JAPAN and Singapore have... firm plans for a joint petro-

Mr. Lee also confirmed... reports that Mr. Takeo Fukuda...

Singapore hopes that both... will become the source of other...

Iraq wants to revive eastern front

By Hsian Hsazi

BEIRUT, May 31

IRAQ IS to propose revival of... the "eastern front" against...

It has ended its confrontation... with Iran over Shatt al Arab...

the triumph of the forces of... moderation in Lebanon, Iraq has...

However, since the May 17... Israeli election results were...



Table with 5 columns: FORCES, ISRAEL, IRAQ, SYRIA, JORDAN. Rows include Regular Armed Forces, Combat Aircraft, Tanks.

Nevertheless, with enmity... between Baghdad and Damascus...

Previously, there had been... hints that the Baghdad regime...

Egypt call for Arab commitment

By Ismail Fahmy

BEIRUT, May 31

MR. ISMAIL FAHMY, the... Egyptian Foreign Minister, said...

Can the rest of the Arab world... just stand and watch? This is...

Mr. Fahmy said that Egyptian... relations with the U.S. were...

Asked what would happen if... peace efforts failed, the Egyptian...

But there have been no... Japanese developments in the...

Mr. Fahmy said, though he... added that he would be meeting...

Whitlam wins vote on leadership

By Kenneth Randall

CANBERRA, May 31

FORMER PRIME MINISTER... Gough Whitlam was re-elected...

Hayden should be the next... leader of the party. He still...

Mr. Whitlam's victory... was a surprise to many...

The report, published earlier... this year, said: "The present...

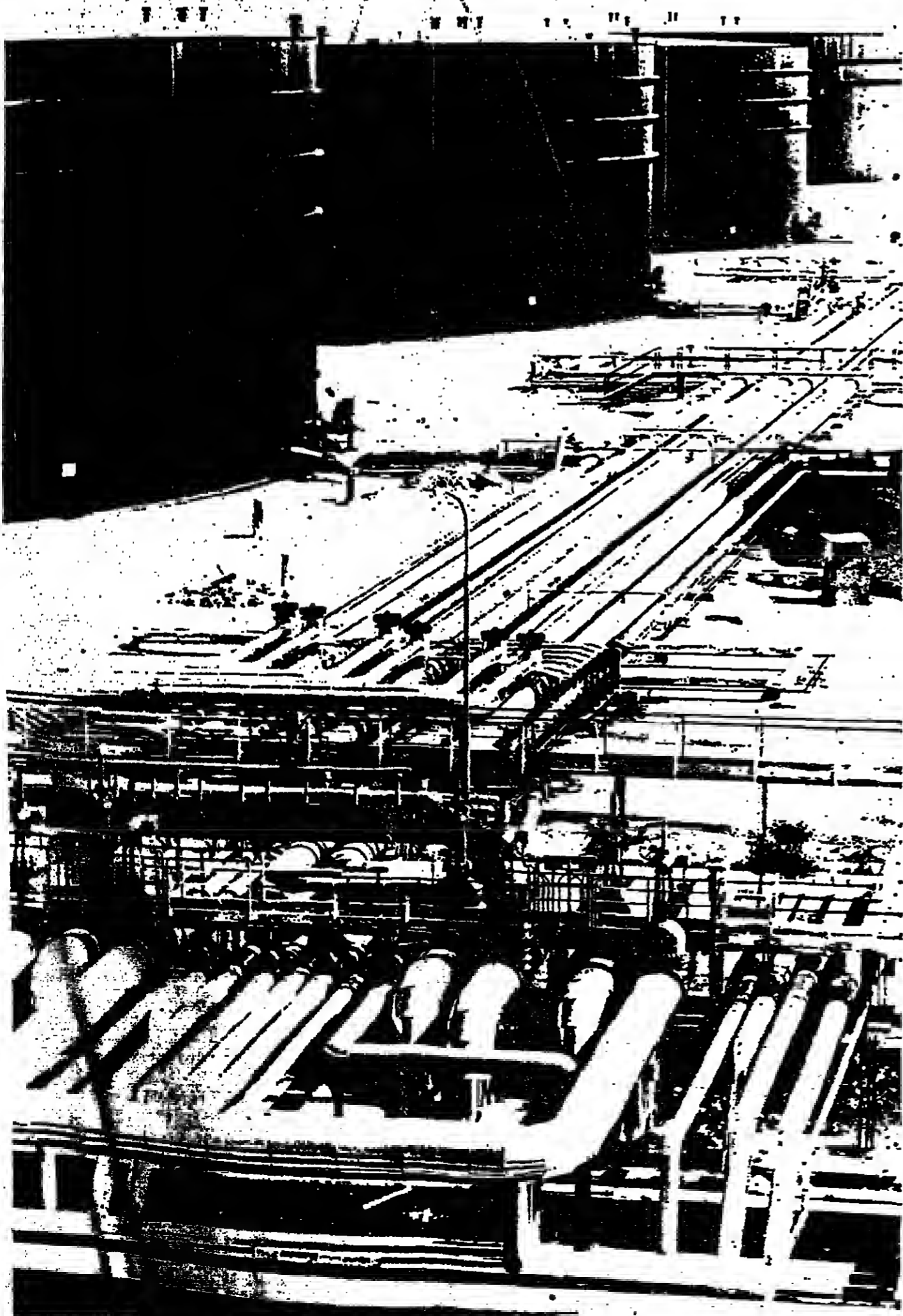
Indian oil reserves survey

By K. K. Sharma

NEW DELHI, May 31

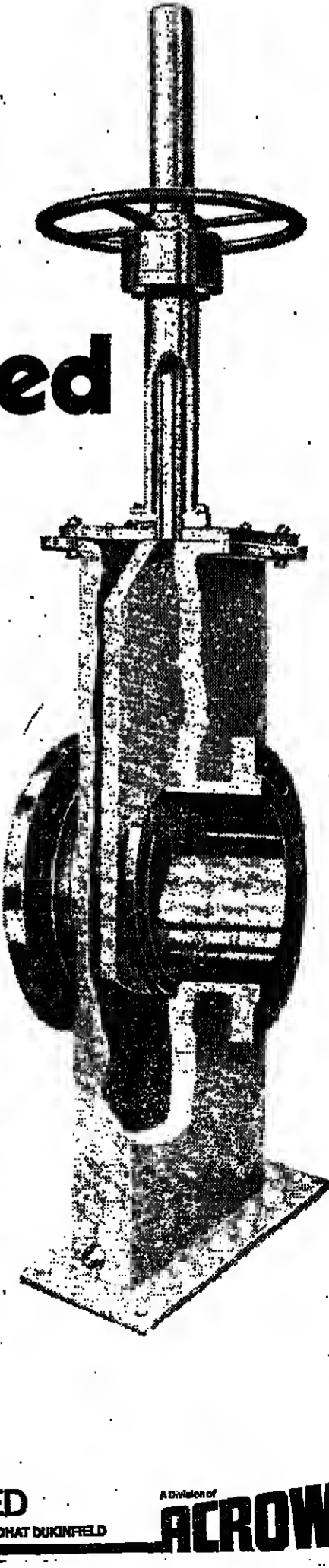
A FRESH survey by the... Indian government-owned Oil...

The recovery factor thus... worked out to 28 per cent, and...



Adamson & Hatchett to manufacture world-renowned Chronister valve range

As of 1st June, 1977, Adamson & Hatchett Ltd., a world name in metal fabrication... designed and engineered for complete pipeline systems...





WORLD TRADE NEWS



The first of a series of articles in which Charles Smith in Tokyo describes European successes in selling to the Japanese market  
**Volvo's unorthodox partner**

JAPAN'S leading synthetic fibre manufacturer and Sweden's biggest motor manufacturer have made a success of selling cars in Japan. They will have to thank Japan's car importers, as its president of Teijin handles half the foreign cars which come into Japan, including Volvo.

Teijin is known for the Volkswagen, General Motors and Renault of its diversification from its basic (but gradually declining) synthetic fibre car importer including over 100 business. Volvo makes high-quality high-performance cars which cost a lot of money but are most certainly superior to anything in the same or similar engine capacity produced by the Japanese motor industry.

Teijin's Mr. Shinzo Ohta and Volvo's Mr. Pehr Gyllenhammar set up shop independently. With this in view it and Teijin now both members of Mr. Kahn's Hudson Association and had reworked each other for years before they thought of doing sales prospects and the best business together. They decided to accept Hermann Kahn's unorthodox suggestion, because nearly two years before production badly needed what Mr. Yoshida, the Japanese sales company and Teijin called a "fantastic plan" to sell 20,000 cars in 1976. It then had management skills and surplus capital it no longer needed down the sales target to an

annual increase of 10 or 20 per cent from the final 1976 sales figure of 800 cars per year.

A contract was signed in April 1974 and Teijin-Volvo went into action in March the following year—selling 700 cars in its first nine months. Last year sales just topped the 1,000 mark and this year Mr. Yoshida is hoping for 1,500.

Unlike Yanase, but like every other company which imports foreign cars into Japan, including the new Mitsui-British Leyland joint venture, Teijin-Volvo does not have its own wholly owned or exclusive dealer network. Its 37 dealers are allowed to handle other non-competitive cars such as the Porsche and the Jaguar. The distinction which Mr. Yoshida claims for the Teijin-Volvo sales strategy is that it is based on a "perfect franchise" system—each dealer has one prefecture to himself and is not in competition with other dealers selling in the same area.

Mr. Yoshida is also proud of his incentive scheme. This allows the dealer a certain target up to a fixed sales target, provides a special rebate on the wholesale price as soon as he passes the target. The rebate is back-dated to cover all sales since the start of the year so that if a dealer's target is 20 cars and he sells 21 he will get the higher rebate on all 21 cars, not just on the one over the target.

On the subject of mark-ups in general Mr. Yoshida says that a typical Volvo two-litre car sells in Sweden for about 60 per cent of its retail price in Japan, but the comparison is not exact because the Japanese version would contain a cooler and one or two other special features which would not be required for recovery by 1980.

**Soviet debt with West up sharply**

By David Seltzer  
MOSCOW, May 31.

THE SOVIET Union, which had appeared to be bringing its foreign debt problem under control, built up a first quarter debt with the West this year which was almost as large as that built up during the first difficult quarter of 1976.

Figures released to-day show that in the first three months of 1977 the Soviet deficit in trade with the industrialised capitalist countries stood at Roubles 1,191bn. (£830.31m.), only slightly less than the massive 1976 first quarter deficit of Roubles 1,301bn. (£1,011bn.), which occurred in part because of the need to make large grain purchases following the 1975 harvest disaster.

Overall trade turnover for the first quarter stood at Roubles 14,995bn. (£11,717m.), an increase of 14 per cent over the turnover of Roubles 13,133bn. (£10,255m.) during the first quarter of 1976. Of this year's first quarter total trade with the West accounted for Roubles 4,822bn. (£3,311m.), or 31 per cent of total trade.

During the course of 1976, the demand for Soviet raw materials and a tight hold on imports helped hold down the growth of Soviet indebtedness. About 45 per cent of the Roubles 3bn. (£2,343m.) Soviet debt with the West during 1976 was built up during the first quarter. The unfavourable first quarter figures were not repeated in subsequent quarters. It now appears that the new year to make deferred purchases in the West has pushed the Soviet debt deficit once again.

The debt with the West this year was partially made up, as it is traditionally by surplus in the Soviet trade with the Socialist countries and the third world. The Soviets had a surplus of Roubles 564.0m. (£441.33m.) in their trade with socialist countries and a surplus of Roubles 315.3m. (£248.33m.) in their trade with the third world.

The overall Soviet deficit during the first quarter was Roubles 310.5m. (£242.66m.).

The largest deficit was built up with the U.S. which at Roubles 290.3m. (£227.11m.) was still lower than last year's first quarter trade deficit with the U.S. which stood at Roubles 568m. (£444.53m.).

U.S. commercial sources said that grain shipments, which figured heavily in last year's first quarter U.S.-Soviet trade figures are a less significant factor this year.

The Soviet figures for British-Soviet trade show a surplus in the Soviet Union's favour for the first quarter this year of Roubles 73.1m. (£57.11m.). The Soviet surplus for the same period in 1976 was Roubles 64.9m.

Chromalloy American said its industrial applications international affiliate has received a \$12m. contract to build a computerised chemical plant for the Soviet Union.

**Ericsson tipped to win Australian 'phones deal**

BY JAMES FORTH  
SYDNEY, May 31.

A STRONG lobbying campaign is under way in Australia to influence the outcome of a major telecommunications contract, which is expected to have important worldwide implications for the telecommunications industry.

The contract is for a new system of computer-control for 10 local telephone exchanges, to replace the existing electromechanical system.

The direct purchasing involved in the contract totals \$425m. Together with the peripheral and ancillary equipment and installation costs over the ten year programme, the final cost is expected to total around \$450m.

Several international groups, from Germany, Japan and elsewhere, sought the order but Telecom Australia whittled its choice down some time ago to two systems—the AXE system of L.M. Ericsson of Sweden and the Metacoona 10-C system of the Bell Telephone Manufacturing Company, an ITT subsidiary, and already manufactured on a limited scale in Australia by another ITT group member.

Telecom has already made its choice, and its recommendation, believed to favour L.M. Ericsson, was made by Mr. Eric Robinson, the Minister for Posts and Telecommunications, for about three weeks.

While Telecom has a requirement that it must receive an increasing proportion of its equipment from local manufacturers, it is likely that initial components will be imported.

William Dullforce adds: The Australian order is very important for L.M. Ericsson, as it would confirm the technical superiority of its new AXE system and maintain the Swedish company's front rank position among suppliers to the world telecommunications market. It would be doubly welcome after a period during which Ericsson's order book had started to decline and it was not certain that the company would succeed in making the switch to the new generation of telephone exchange equipment. Now in a fairly quick succession Ericsson has called orders from France, Finland, Kuwait and Yugoslavia.

The Australian contract would nevertheless be a decisive breakthrough, because Telecom has a reputation as an independent-minded authority working to a very high standard. An Ericsson spokesman in Stockholm said a positive Australian decision would be "a remarkable victory" for the company.

The existing crossbar equipment is currently being upgraded using Ericsson equipment, which would be complementary to the AXE system. Telecom considers that if it takes the AXE system, it will be able to hold down its tariff charges to consumers.

ITT is obviously unhappy with Telecom's choice and has been putting its case in Canberra, hoping to still gain the decision. Its main claims are that its system is more advanced, is already partly manufactured locally and that it minded authority working to a very high standard. An Ericsson spokesman in Stockholm said a positive Australian decision would be "a remarkable victory" for the company.

**KOREA TRADE CENTRE**

is pleased to announce its move to new premises as of May 28th 1977

Please address all correspondence from this date to:

**KOREA TRADE CENTRE**  
16/21 SACKVILLE ST.,  
LONDON W1X 2PR  
tel: (01) 439 0501  
telex: 22375 KOTRA G  
cable: MOOGONG LONDON

Do not hesitate to contact us for any information regarding trade with Korea, as well as details of Korean Products shows in the United Kingdom and in the Republic of Korea

**U.K. anti-dumping cases**

The Department of Trade has opened no less than 18 anti-dumping investigations over the past six months. This increased momentum, compared with a year ago, is a reflection of industry's anxiety to beat the July 1 deadline when anti-dumping responsibility is transferred from London to the EEC in Brussels. The steel industry is currently the most active in lodging complaints with the department, in contrast to last year when textile investigations predominated.

U.K. ANTI-DUMPING INVESTIGATIONS		
Commodity	Country of origin	Date opened
PVC leather cloth	Hungary	16.3.76
	E. Germany	10.1.77
Steel reinforcing bars	S. Africa	21.12.76
		provisional duty imposed on 24.12.76
Non-alloy sections and flats	S. Africa	1.2.77
	Spain	1.2.77
	Japan	14.3.77
		provisional duties imposed on 14.7.77
		sections—on 19.5.77
High speed and tool steels	Austria	25.3.77
	Sweden	9.5.77
Horticultural glass	USSR	17.2.77
	Romania	closed 30.5.77
	Poland	17.2.77
	Czechoslovakia	closed 30.5.77
		no dumping found
Printed circuit board drills	U.S.	4.2.77
		closed 21.5.77
		no dumping found
Socket sets	Japan	18.3.77
Compressed air breathing apparatus	Sweden	24.3.77
Lanolin derivatives	U.S.	4.5.77
Paperboard cones	Spain	26.5.77
Hydraulic loaders	Sweden	26.5.77

**Modest rise in Swedish pulp**

BY JOHN WALKER  
STOCKHOLM, May 31.

THE SWEDISH Pulp and Paper Association said plant utilization continued to be low for both pulp and paper in the first quarter of this year.

It said in its report for the period that sales of paper and pulp increased modestly compared with last year. Deliveries of pulp rose about 5 per cent to 837,000 tons. Exports of paper and board increased 12 per cent to 840,000 tons, but were lower than exports in the first quarters of 1974 and 1975.

The production of chemical pulp fell 22 per cent compared with the same period last year when industry continued to increase its stocks. In January to March this year only 777,200 tons of chemical pulp were made, leading to a 100,000-ton reduction in stocks. About 100,000 tons of mechanical pulp were produced. This is an increase of about 19 per cent compared with the same period last year.

The demand for dissolving chemical pulp showed the biggest improvement. Deliveries rose nearly 15 per cent. Exports of nearly chemical pulp qualities varied. Exports of chemical pulp to Western European countries did not exceed 600,000 tons, unchanged from last year.

The production of paper and board increased 8.3 per cent to 1,335,000 tons. This is 105,000 tons more than the first three months of last year. Newsprint production was low. This was also true of kraft paper and greasproof to a certain extent.

Substantial improvements were reported in respect of qualities such as paperboard (up 20 per cent to 413,000 tons), fine paper (up 17.5 per cent.), and semi-chemical fluting paper. Exports of paper and board rose 92,000 tons.

**Limerick urges export bid**

BY LORNE BARLING  
BRITAIN cannot rely on North Sea oil and the International Monetary Fund loan, or the depreciated value of sterling, to maintain a trade surplus, Lord Limerick, executive director of Kleinwort Benson, said yesterday.

"Management and the people to industry involved in producing goods and providing services to overseas customers must be encouraged and made to realise that their contribution is vital."

Lord Limerick, a member of the British Overseas Trade Board, was announcing a two-day conference on export strategy, to be held early next month under the sponsorship of the London Chamber of Commerce and the Institute of Export.

Export Year had helped to bring home to everyone the need for involvement in exports, but the number of employees directly involved in exports was astonishingly low.

The BETRO report on key markets, published two years ago, showed that companies employed only 3,000 full-time staff in export marketing throughout the country. There was also an amazing disparity between the productivity of domestic and export sales staff, of the order of five to one.

This surely demands a most thorough investigation of what can be seen as not only a new attitude required in business, but a whole new philosophy and approach.

The conference in July would be largely devoted to an examination of the report and the shortcomings of British industry in the field of exports.

**Hong Kong trade up 7.5%**

HONG KONG'S domestic trade in April totalled \$327m., 7.5 per cent up over that month last year, according to official figures here.

For the same month imports, at \$516m., were up 19 per cent, and re-exports, at \$90m., up 9.1 per cent.

In the January-April period domestic exports amounted to \$1,244m., a 6.6 per cent increase compared with the similar period last year. Imports, at \$1,919m., were up 15.3 per cent, and re-exports, at \$373m., up 7.6 per cent.

For the 12 months May 1976 to April 1977, domestic exports totalled \$1,162m., a 28.1 per cent rise over the May 1975 to April 1976 period. Imports for the 12 months were up 22.1 per cent, at \$5,670m., and re-exports, at \$1,149m., were up 19.8 per cent.

**Polish order for Hoesch**

DORTMUND, May 31.

HOESCH WERKE said its subsidiary Vacmetal has received an order from the Polish foreign trade concern Ceotrap to build a 300 tonne vacuum plant for Poland's Huta Katowice steelworks.

The plant, which is used to reduce hydrogen levels from steel, improve purity and add alloy materials, will operate from the start of 1978 and handle rails and low alloy steels.

A company spokesman declined to disclose the value of the order. Vacmetal is 50/50 owned by Hoesch and Fried Krupp Huettenwerk.

**Kuwait harbour order**

THE FIRST major contract for which has been awarded to Tom Harbor Works Company of Japan. The harbour contract is worth about \$80m.

Two smaller contracts will also be signed, one worth \$500,000 for a perimeter fence and another worth \$2m. for access roads. Both have been won by local companies.

**Malaysian police cars**

Ford of Britain is to supply the Malaysian police with 236 Cortinas to be used as patrol and staff cars. The vehicles will be assembled in Malaysia by Ford Malaysia and Wearn Brothers, the Ford dealer-assemblers in Kuala Lumpur.

**Dresdner Bank your international partner reports on 1976**

- Group's business volume in excess of DM 100 billion
- Continued international expansion

Dresdner Bank, financing 20 percent of the foreign trade of the Federal Republic of Germany, again achieved a substantial increase in its international business.

Assets in international business went up to DM 16 billion. International project financing has gained increasing importance among the bank's activities. Projects in the energy sector include nuclear power plants, long-distance gas pipelines, coal gasification plants and thermal power units.

New offices were opened in Bahrain, Hongkong and Toronto; offices in Houston (Texas) and Jakarta will follow shortly.

In consequence of the international importance of the bank's business and the increasing number of non-German shareholders—about one fifth of Dresdner Bank's stocks are held by foreigners—the bank's shares are now listed on most of the European stock exchanges.

The activities of Dresdner Bank's subsidiaries were also very successful. After only ten years of operation the Compagnie Luxembourgeoise de la Dresdner Bank AG—Dresdner Bank International achieved assets of DM 13 billion.

The Deutsch-Südamerikanische Bank (DSB) with a business volume of DM 4 billion, again successfully expanded its financing volume, which is chiefly concerned with foreign trade with Latin America.

Cooperation with our partner banks in ABECOR—Associated Banks of Europe—was further intensified. ABECOR, with total assets of about US \$ 200 billion, is the largest international group of this kind.

Dresdner Bank has more than one hundred years' experience of international banking, and is active in more than 50 countries all over the world.

Branches of the Dresdner Bank group in London, Chicago, Los Angeles, New York, Singapore, Tokyo, Panama, Zurich.

Representative offices in Asunción, Beirut, Bogotá, Buenos Aires, Cairo, Caracas, Hongkong, Istanbul, Johannesburg, La Paz, Lima, Madrid, Manama (Bahrain), Mexico City, Montevideo, Moscow, Panama, Paris, Quito, Rio de Janeiro, Santiago de Chile, São Paulo, Sydney, Tehran, Toronto.

Call on us at Dresdner Bank. You'll find the international banking partner your business needs.

Head Office: Dresdner Bank AG, 7-8 Gallusanlage, 6 Frankfurt/Main Telephone: 2631, Telex: 4-1230 Federal Republic of Germany

Important figures from the Consolidated Balance Sheet at December 31, 1976 and 1975

	in millions of DM	
	1976	1975
Total assets	84960	74102
Total loans and advances	67529	57836
Loans extended on bills	3957	3670
Loans and advances to customers	30803	25469
Mortgage loans	18449	15678
Loans and advances to banks	4057	3211
Guarantees	10263	9808
Bonds	2874	2024
Other securities	1324	1009
Deposits from customers and long-term liabilities	60816	54623
Demand deposits	8198	8479
Time deposits	19332	16447
Savings deposits incl. savings certificates	14875	13789
Mortgage bonds issued	18411	15908
Capital and reserves	2688	2191
Capital	790	670
Published reserves	1898	1521

The complete Annual Statement of Accounts at December 31, 1976, audited by Treuhänder-Vereinigung Aktiengesellschaft, Frankfurt/Main, was published in the Bundesanzeiger No. 96, of May 6, 1977.



# Have you ever wondered why work is such a dirty word?

Ask shop floor workers to increase productivity on antiquated machinery and you get the fruity response you deserve. But it never seems to occur to employers that office workers have exactly the same feelings, that exactly the same principles apply to offices as to factories.

You can train your employees until they're as infallible as automatons. You can incentivise them until they work in their sleep. You can pay them in sackfuls of gold and frankincense. But until you give them a working environment and working conditions to match their abilities, you're wasting your money.

It's a principle that we at Hille and Form see demonstrated practically every week of the year.

We install office systems and there's no other company in Britain with more experience than us. We work from, if you like, the bare shell of the office right down to the calendars on the walls. And from the 70 years we've spent in business, we know that people want to work, they want to be able to take pride in their effort and they'd far rather be efficient and constructive than muddled and obstructive.

That's the theory that's the starting point of our operation. Suppose, for example, you're moving office. We would examine your needs in minute detail, discuss your requirements, plan the

methodology as we think it would be relevant to your new set up, and then co-ordinate with you or your architects, the design of the interior and install all the necessary furniture and furnishings.

We could go through the same processes if you were simply updating your company. And when it comes to installation, we'd take care of everything from room layout to light fittings and curtain colour schemes.

We might, if you like, advise you on maybe just one facet of a possible change or move rather than on the whole plan. We'll even just produce a report on your current environment, to advise on the way we think your business method should go, on whether or not, for example, a move would be a good idea.

We've been able to give substantial help to people who just stayed where they were. Simply by reorganising the workflow, equipment and layout around the staff to make a more efficient use of space.

And with rent at around £10 a square foot in London and other main cities around the world, it's not surprising that we can make savings like the £15,000 p.a. on 8,000 sq. ft. that we made for one client last year. And that doesn't include the taxman's contribution towards the purchase of new facilities. Free to anyone, provided your company is profitable.

But our organisation and service is not limited to just London, or even Britain.

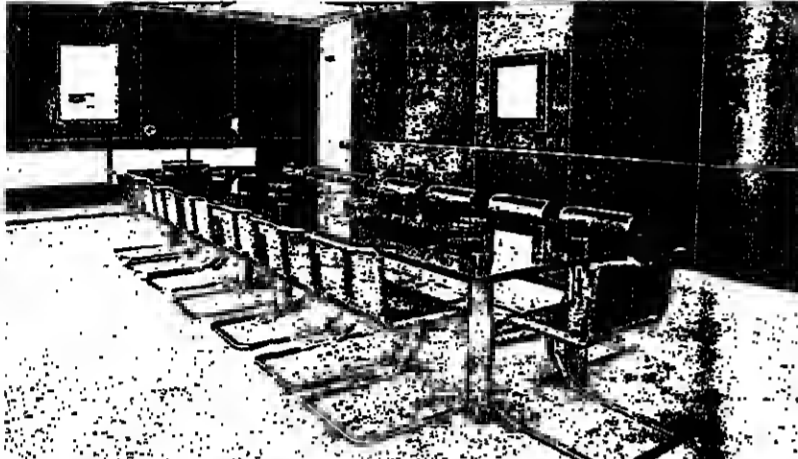
We've already carried out reorganisation schemes in Europe and the Middle East, Far East, Africa, South America and Australasia. And we've prepared a booklet to tell you a little more about them and a lot more about us, about financing and, more importantly, about the people who work for us.

Come and visit the extensive showrooms of Hille International and Form International at Whittington House, or telephone, write, or telex, quoting reference FT/1 to Whittington House, 19/30 Alfred Place, London W.C.1. Telephone 01-580 2080. Telex 27679. Or alternatively to our Northern Regional showroom at 50 Sackville Street, Manchester M1 3WF, Telephone 061-236 6929.

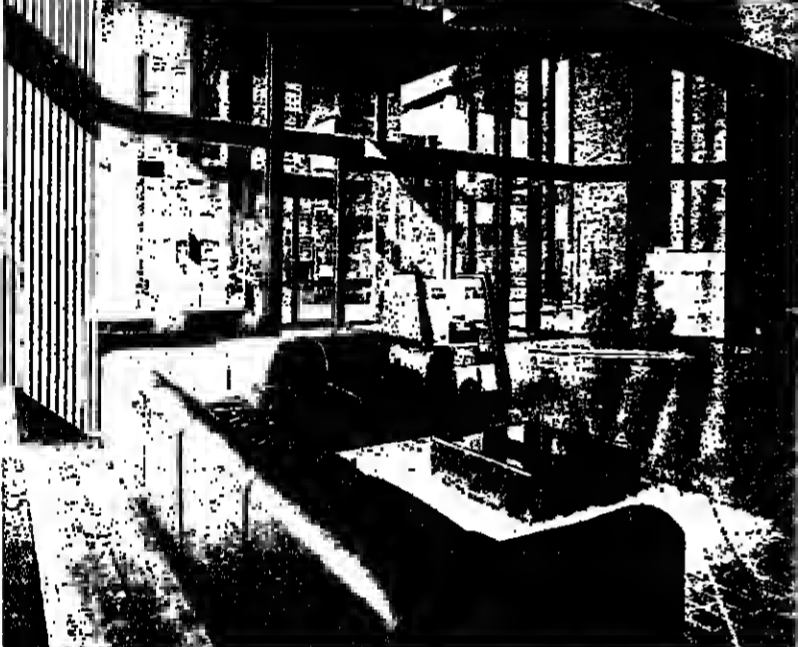
It could be your first step in a change for the better.



The Hille Group of Companies.



One of a series of conference rooms furnished by Form International for Merchant Bankers in the City. Illustrated are the MR chairs designed by Mies van der Rohe whose furniture is exclusively made in the U.K. by Form.



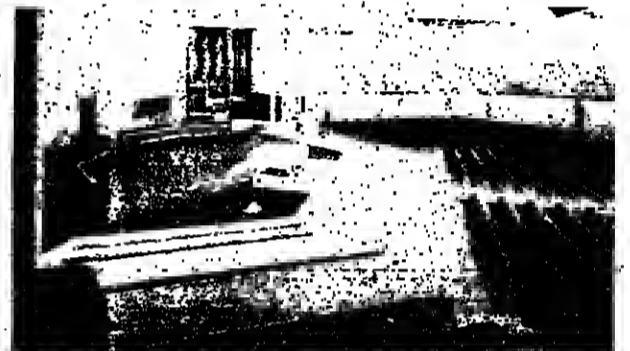
Reception area furnished with Hille Dolce Seating at the head-quarters of Finance for Industry on London's South Bank.



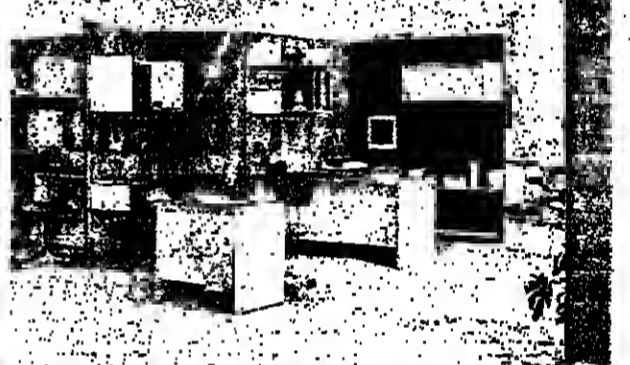
Open plan office areas furnished with Hille Office Systems at the new Truman Limited administration building in Spitalfields. The Hille Design Unit were responsible for office planning and layout in conjunction with Arup Associates, architects for the entire project which has just won the Business and Industry Award for the Environment.



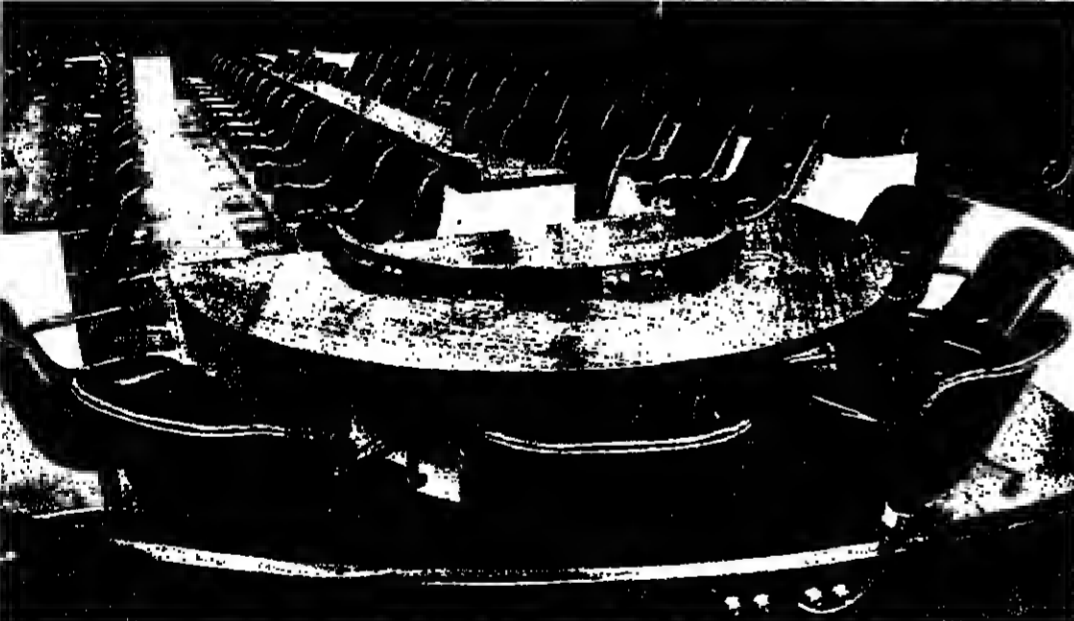
Cafeteria at the offices of Coca Cola in Zurich furnished with the Saarinen range, available from Form International in the U.K.



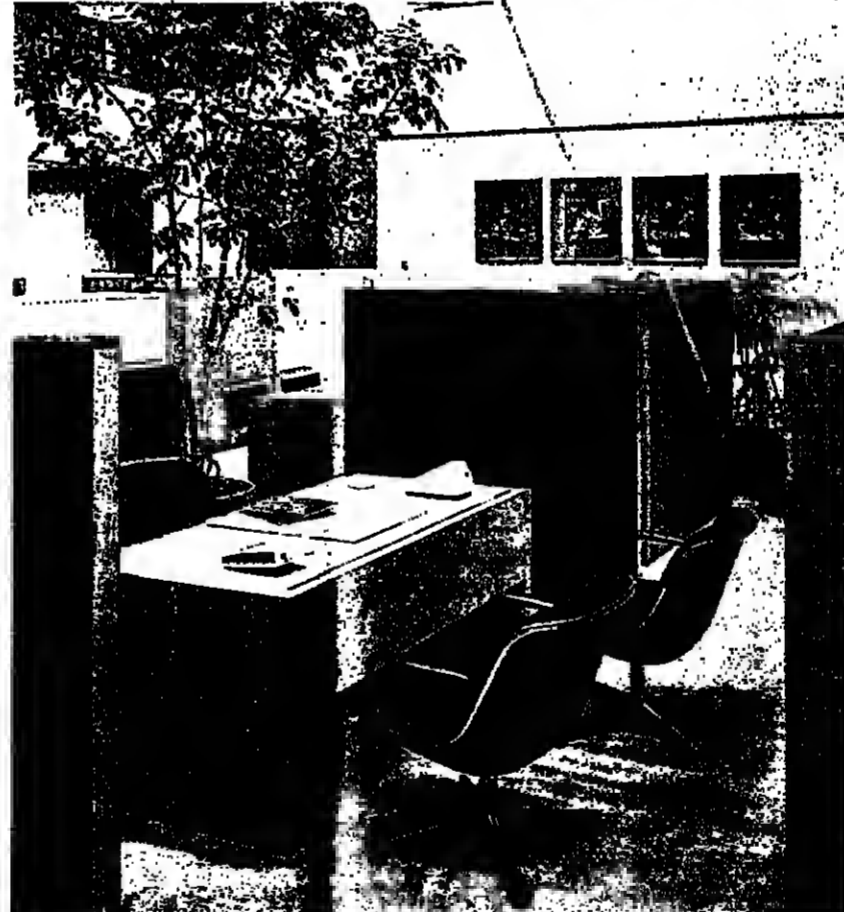
The Cathedral Church of SS Peter and Paul in Clifton, Bristol. Congregational and altar seating was provided by Hille. Special fittings were designed to hold missals and hassocks.



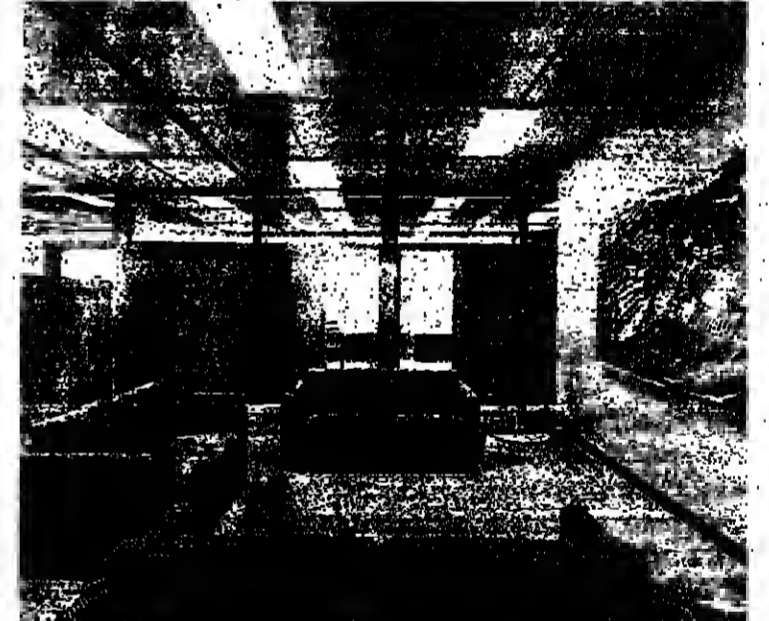
Hille has long-standing licensing links throughout South America for HOS and other products. Illustrated is an HOS installation in Sao Paulo, Brazil.



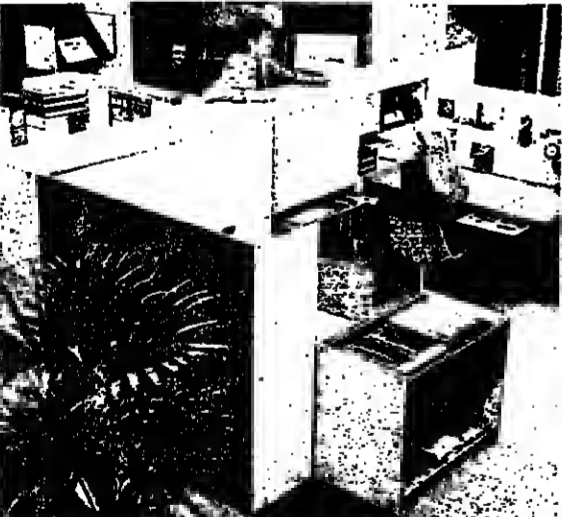
Conference Chamber at the International Sugar Organisation in the Heymarket. Specially fitted seating provided by Form International. Interior Design - Stefan Buzas and Alan Irvine.



International headquarters of the Dr. Pepper Company in Dallas, Texas, furnished with the Stephens Office System, as manufactured in the U.K. by Form International.



Directors' suite at the headquarters of IBM United Kingdom Limited, Portsmouth. Individual offices and the open plan secretarial area are furnished with the Stephens Office System. The adjacent reception area has Pistor Seating.



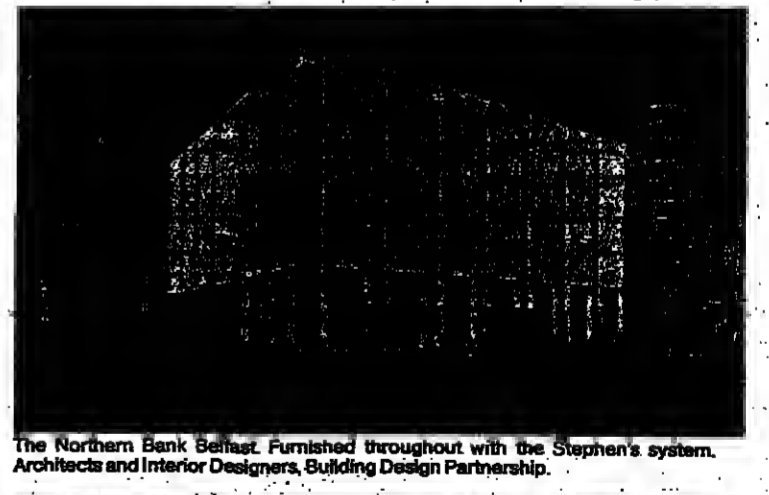
Linked HOS carrels covering only 10.89 sq. metres provide 4 people with 3.048 metres of storage, a working surface of 1370mm x 710mm and vertical pinboard area covering 1350mm x 620mm.



Basketball Stadium, Vicenza, Italy, fitted with the award winning Hille Polypropylene Chair Programme. Sales of the chairs now exceed 8,000,000.



Mexico Olympic Stadium built for the 1968 Games. Hille won the contract to supply 38,000 seats in the main stadium. Hille specialize in mass seating indoor and outdoor projects around the world.



The Northern Bank Belfast. Furnished throughout with the Stephens system. Architects and Interior Designers, Building Design Partnership.



Waiting area at the new Royal Free Hospital in Hampstead. Hille seating was used throughout the hospital in the waiting areas, cafeteria, bank, libraries, teaching rooms and wards.

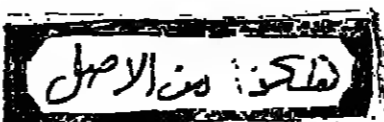


Screen hung administrative work space designed for the World Trade Centre in Hong Kong. An outstanding export contract for HOS completed in 1978 and worth more than £300,000.



Bass Charrington Limited's new office building in Burton upon Trent, furnished throughout with Hille Office Systems and Hille seating. The building has recently won a Civic Design award.

We are holding an office systems seminar on the 12th of July. If you are interested or need more information please contact Hille International Limited quoting reference FT/5 at Whittington House, 19/30 Alfred Place, London W.C.1. Telephone 01-580 2080. Telex 27679. Or telephone Watford (92) 42241.





HOME NEWS

Hattersley gives pledge on profit controls

BY STUART ALEXANDER

MR. ROY HATTERSLEY, Secretary of State for Prices and Consumer Protection, yesterday promised a further examination of proposals in the Price Commission Bill for new, lower, safeguards for profit levels.

Underground effluent system for ICI plant

BY KEVIN DONE, CHEMICALS CORRESPONDENT

A SYSTEM for underground treatment of effluent, pioneered two years ago by Imperial Chemical Industries, is to be used in building a £1.8m. treatment plant at Prudhoe, near Newcastle on Tyne.

BMW to launch new range

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BMW, the West German car maker, will launch a new range of large cars in Britain in August.

Small chemical companies hope for growth

By Rhys David, Northern Correspondent

STRONG GROWTH opportunities may exist for smaller chemical producers in fields vacated by big groups in their search for higher volume products.

Corporate leasing curb eased to-day

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A NEW MEASURE designed to relax the controls on corporate leasing and hire-purchase regulations comes into effect to-day.

Ulster terrorists asked to surrender guns

BY OUR BELFAST CORRESPONDENT

THE LEADERS of Ulster's peace movement appealed to terrorists in the province to give up their guns and explosives.

Tightrope for Mr. Howell

NEWS ANALYSIS—SPORTS SPONSORSHIP

WHILE THE prospect of an early conclusion of talks on a voluntary code of practice on sports sponsorship has been channelled into sports by the tobacco industry has receded, the larger question of the Government's attitude to sports sponsorship in general has come to the fore.

Advertisement for grants: 'How to get a grant of up to 22% on the cost of new industrial building, plant and machinery. Capital grants for new plant, machinery and new building. Loans on favourable terms or interest relief grants. Removal grants. New factories with a 2-year rent-free period. Competitive rents. These are available in the Areas for Expansion.'

TV information link to have market trial

BY MAX WILKINSON

VIEWDATA, the system which gives television owners access to pages of text stored in a computer, is to start a market trial this summer.

U.K. team expects U.S. flights to go on

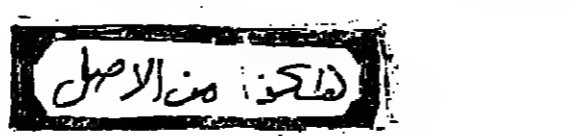
BY DAVID FREUD, INDUSTRIAL STAFF

THE U.K. team negotiating a new chief negotiator at the talks said yesterday that the U.S. team is very close to agreement on a number of areas, but that the U.S. would not carry out its threats to stop air services between the two countries unless there was an agreement by tomorrow night.

BP takeover of Century 'not in public interest'

FINANCIAL TIMES REPORTER

THE MONOPOLIES Commission has concluded that British Petroleum's bid for Century Oils would have adversely affected the interests in several ways and would have yielded no offsetting advantages.

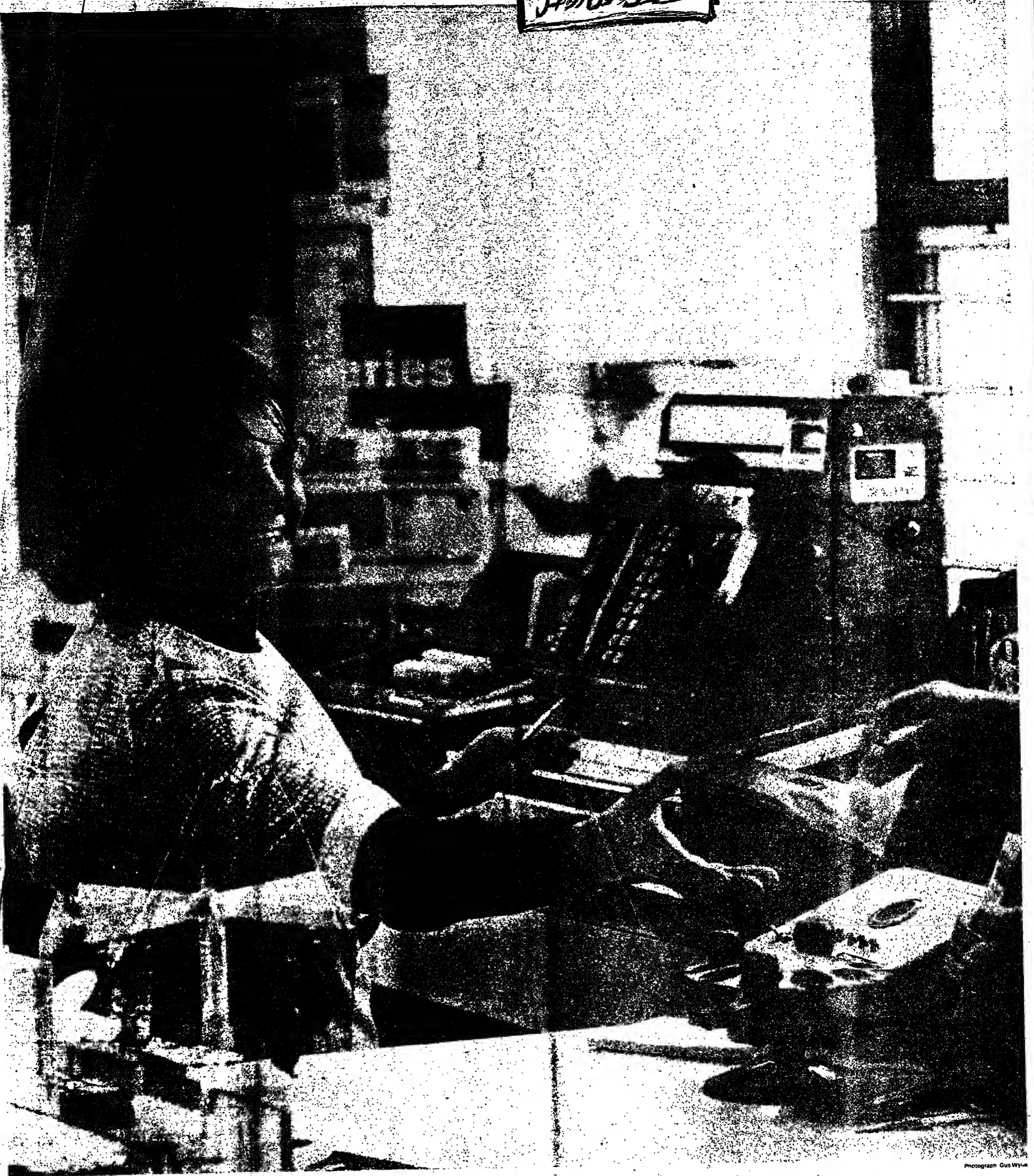




دکتران و اساتذہ

DRSHIP

Howel



Photograph Gus Wylie

## Self service with a smile.

We were one of the first oil companies in the UK to introduce self-service petrol stations back in 1963, and since then we've opened about 450 more. We've done this because the majority of motorists seem to like them very much.

Even though they are self-service stations the human touch hasn't been forgotten. When you fill your own tank you can still get any help you need — and a very

friendly "thank you". No reason why a petrol station can't be efficient and nice at the same time, is there?

And the stations are efficient. They've been specially designed for that.

As petrol goes into your tank, the exact gallonage and price are fed automatically to the cashier. She'll be waiting with your bill and a cheery word when you're ready to leave.

There are other benefits. Some of the stations have a coin-operated car wash, for example. And there's the fact that you often can pick up a packet of cigarettes, a bag of sweets, and some of the other things you need without getting caught in High Street traffic.

Stop at one of our self-service stations next time you need petrol, motor oil — and a warm smile. We know it takes all three to keep you going — and coming back.

**Mobil**



HOME NEWS

Co-ops to vote on reforms

BY ELINOR GOODMAN, IN BLACKPOOL

CO-OPERATIVE retail societies are to take part in a referendum to decide whether the present complicated structure of the co-operative movement should be simplified.

Delegates voted at yesterday's co-operative Congress by a tiny majority in favour of a referendum, which is virtually unprecedented in the movement's history.

Clear mandate. Alternatively, if the proposal does not get the necessary support from retail societies, the central executive will have a clear mandate to push ahead with the idea, which has now been under discussion on and off for about 50 years.

Commission seeks better deal on burglar alarms

BY DAVID FREUD, INDUSTRIAL STAFF

A PRICE COMMISSION report published yesterday says there is insufficient competition in the intruder alarm industry.

Prospective users should obtain competitive quotations. At present two in five did not do so because they were guided by advisers to a particular installer.

Standard Merchant Bank expands

By Michael Blandon

IN A FURTHER MOVE to expand its merchant banking activities in the U.K., Standard Chartered Bank is doubling the capital of its merchant banking subsidiary and appointing a new full-time managing director there.

Mr. Ansell Egerton, a director of E. Henry Schroder Wagg, has been appointed managing director of Standard Chartered Merchant Bank from July 1.

Further stage in the development of Standard Chartered Merchant Bank is a joint venture between Standard Chartered and Tozer Kemsley and Millbourn, set up in 1972.

AWARD FOR FINANCIAL TIMES JOURNALIST



John Elliott, industrial editor of the Financial Times, receiving the £1,000 John Player award for British management journalism last night from Mr. Ken Robertson, assistant managing director of John Player and Sun.

Hopes of new oil find

BY RAY DAFER, ENERGY CORRESPONDENT, IN GLASGOW

THE Pan Ocean offshore explorations group has made a significant new discovery on its North Sea Brae field structure.

Bid to standardise NATO equipment

BY IAN HARGREAVES

AN ATTEMPT to build on President Carter's initiative at the recent NATO Summit towards greater standardisation of equipment within the military has been launched by politicians and industrialists from member-countries.

Commission seeks better deal on burglar alarms

rather than rent new intruder alarm systems. At present the British Standards 4377 specifies that maintenance is carried out by the installer. The report states that in consultation with the industry, consideration should be given to allowing the customer to select an alternative maintenance company where the system is bought outright.

Clearer contracts should be drawn up to enable users to be more fully aware of their rights. The commission says: "Contracts lack clarity and do not spell out as clearly as the customer needs who owns equipment, the criteria of selection, the installer accepts, how the annual charge is made up and what arrangements there are for periodic review of the maintenance and rental charges."

Net percentage profit margins were not excessive. For large businesses the average increased from 2 per cent, or turnover in 1974 to 4 per cent, in 1976. The average of smaller companies increased from 5 per cent, to 11 per cent. This represented an average of £7,000 in 1974 and £14,000 in 1976.

It was estimated that installation fees rose by about 60 per cent, and rental and maintenance charges by 70 per cent, over the three years to July, 1976. These increases were in line with inflation.

Intruder alarms. Price Commission Report No. 24 50; 7/77

Bid to standardise NATO equipment

BY IAN HARGREAVES

Inter-operability and standardisation were the only means of achieving military effectiveness within realistic economic limits. The group's 22 members achieved a high degree of unanimity in formulating views that the Warsaw pact military power now represents a grave threat to the West.

Formation of the group has been spurred by continual failure of NATO countries to agree a co-operative approach to arms production.

The most recent failure was Mr. James MacDonnell, chairman of McDonnell Douglas, warning system which Britain and the U.S. are working on in competition.

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Company information 'will stay secret'

FINANCIAL TIMES REPORTER

MR. GORDON BORRIE, Director General of Fair Trading, reacted strongly yesterday to reports suggesting that the reformed Prices Commission would be given access to information about City and industrial operations which the Office of Fair Trading had accumulated.

He said in London the office was barred by the 1973 Fair Trading Act from passing on information about particular businesses. "I would be very concerned if companies felt inhibited from coming to the OFT in confidence."

Before the Prices Commission decided to embark on an investigation the OFT would be consulted in case a Monopolies Commission reference was also being considered.

In addition, the task of following up undertakings given by companies about their prices, charges or profits after a Monopolies Commission investigation would also be transferred to the general statutory responsibility for reviewing the carrying on of commercial activities in the U.K. But the Bill specifically excludes from this obligation information relating to particular companies.

For its part, the Prices Commission would be required to pass on to the OFT any evidence of unregistered restrictive agreements which it might come across.

The confusion about the extent to which the two bodies would be exchanging information is only one aspect of the way in which the strengthening of the Prices Commission's investigatory powers is likely to impinge on the Office of Fair Trading in its role of policing competition policy.

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Chief of RHP named as new chairman of Post Office

BY KEVIN DONE, INDUSTRIAL STAFF

MR. BILL BARLOW, chairman and chief executive of Ransome Hoffman Pollard, the bearing company, is to become chairman of the Post Office, the Government announced yesterday.

Mr. Barlow, 53, will take up his appointment on November 1 at a salary of £23,500, which involves a cut of some £7,400 from the present salary. He will hold the post initially for a five-year period.

Unlike Sir William Ryland, the present chairman of the corporation, Mr. Barlow will come to the Post Office as a complete outsider, having first spent 21 years with English Electric before his selection by the Government's Industrial Reorganisation Corporation to run Ransome Hoffman Pollard.

Mr. Barlow comes to the corporation at a time of great uncertainty. The Government is pushing through plans to make the Post Office a public enterprise in industrial democracy.

Further, its future structure has been placed in doubt by the deliberations of the Post Office Review Committee. The panel is to recommend shortly splitting the Post Office into two independent corporations.

The debate on the committee's report is also being held behind its official publication. Mr. Tom Jackson, general secretary of the Union of Post Office Workers, said yesterday that any division of the corporation would bring additional staff and would put a sp on the second-class letter rates.

Britain needed communications policy, in the same way that it needed a transport policy and an energy policy. But political expediency had become too centralised at the level of the chairman and the Board.

Postal management has become set in its ways. It is not to be broken. Whenever it faced financial difficulties its only remedy was cuts in services or increases in prices, he said. "There must be a better way to run the Post Office."

The two sides hope to place the Post Office on a new basis in the next three months. It will probably be put to a special conference of the union in the near future.

Mr. Jackson said the union had agreed to a parcel station aimed at paring down service and eliminating wastage. The plan was previously turned down by a secret ballot of postal workers.

ENTERTAINMENT GUIDE. CC--These theatres accept credit cards by telephone or at the box office. Includes sections for Opera & Ballet, Theatres, and Art Galleries.

11 3/4 per cent. TREASURY STOCK 1991. ISSUE OF £800,000,000 AT £94.00 PER CENT. PAYABLE AS FOLLOWS: On application, 10 July 1977; On Thursday, 20 July 1977; On Monday, 28 August 1977. Includes application form and terms and conditions.

Display 'breakthrough' by Decca Radar. BY ROY ROGERS, SHIPPING CORRESPONDENT. DECCA RADAR has perfected a "breakthrough" in display techniques which, the company believes, will help it to consolidate its hold on the world market for big-ship radar.



LABOUR NEWS

Whitehall objection to ICI cars plan

By David Churchill, Labour Staff

ICI'S SCHEME to give its top executives company cars instead of pay rises, which should have started to fly, has been delayed because of objections by the Department of Employment.

The Department wants ICI to give it further details of the scheme before it agrees to let it go ahead. ICI has already made it clear to Whitehall officials that its scheme does not, in its opinion, breach the pay policy.

The company points out that the cars are being offered to senior executives instead of the 20% maximum possible under Stage Two of the present pay policy. Depending on which cars were chosen by executives, their pay would be correspondingly adjusted to ensure the pay policy was not breached.

Thus a car of up to 1,200 cc would mean the executive receiving a £25-a-year rise, while a 1,800 cc car chosen would mean the executive taking a £17 drop in pay.

ICI has based its calculations on the value of a car instead of pay rise in Inland Revenue assessments for tax purposes. But the Automobile Association has recently published its own figures which suggest the value of a company car to be nearer £1,000 than the £200-£250 allowed by the Revenue.

Although the senior executive grades within ICI are not unionised, some top managers are members of the Association of Scientific, Technical and Managerial Staffs.

Yesterday, Mr. Roger Ward, the union's negotiating officer for ICI, wrote to the company to press for the speedy introduction of the scheme.

ASTMS favours increasing fringe benefits instead of straightforward pay increases as these can often give more value to managers whose standard of living has declined.

Mr. Ward also said some ICI executives had already sold their cars in anticipation of getting a new one today.

There are going to be some very disappointed families of ICI managers today, he added.

Government urged to spend huge sums on building

By Nick Garnett, Labour Staff

A WARNING of widespread industrial action by building trades unions if the Government did not inject a huge amount of money into the construction industry over the next year was sounded yesterday by leading union officials.

They also emphasised that lack of a firm Government commitment to boost spending on building within the next few weeks would affect the willingness of unions in construction to support another round of pay restraint.

The four unions represented on the National Joint Council for the Building Industry and the Civil Engineering Construction Conciliation Board are demanding an extra £1.5bn. of Government investment to regenerate construction which the unions claim is now foundering in a deep crisis.

A document drawn up by two union bodies has already been presented to the Prime Minister and to Mr. Peter Shore, Secretary for the Environment.

Construction employers, architects and representatives of the National Joint Council and the Civil Engineering Construction Board are scheduled to meet the Prime Minister on June 16 to discuss investment.

The union document calls for an additional £500m. for house building, £500m. for house improvements and construction work in inner city areas and £300m. for major capital projects involving the civil engineering side.

It also asks for more local authority control over the private rented sector to raise standards of house repair.

Mr. George Smith, secretary of the National Joint Council, said he believed Whitehall had gone overboard in its spending cuts and there might now be a willingness to review them.

Mr. George Henderson, of the Civil Engineering Construction Board, said the Prime Minister has been to put the whole structure of the industry at risk, seriously to affect demand for goods produced by manufacturers of the building industry.

Bankrupt

The four unions involved are the Union of Construction, Allied Trades and Technicians, the Transport and General, the General and Municipal, and the Furnishing, Timber, and Allied Trades Union. They say the present unemployment level of 350,000 in construction will rise to 500,000 or more by the first half of next year.

The effect so far, they claim, has been to put the whole structure of the industry at risk, seriously to affect demand for goods produced by manufacturers of the building industry.

Another issue angering delegates was the postponement to October next year of rules national officer for the gas industry, where the GMWU is the dominant union. He said one and a half million in workplaces under the Health and Safety at Work Act. The delegates carried resolutions demanding withdrawal of the gas price rise and immediate implementation of the safety representative regulations.

Unions end two-year feud at Linwood

Financial Times Reporter

AN IMPROVEMENT in troubled industrial relations at Chrysler's Linwood car plant is expected with the ending of a two-year feud between the factory's two major unions, the TGWU and AUEW.

In a deal expected to be ratified soon, the unions have agreed on the number of seats, each shall hold on the powerful joint shop stewards' committee, sole negotiating body for the plant's 5,500 hourly-paid employees.

The agreement will enable the transport union to abandon its independent stance outside the committee, which has feuded management with the problems of negotiating separately with the largest union at Linwood (nearly 4,000 members).

The basis of the agreement is that the transport union should have six of the 16 seats on the joint stewards' committee. The engineering union has accepted a reduction from six seats to four.

With most of the blame for Chrysler's production shortfalls in the first three months of this year falling on the Scottish plant, there is intense pressure to build up output from its present level of about 38 cars an hour to more than 50 by August when the new 424 model goes on to the assembly line.

Bullock laws would disrupt industry, city leaders warn

By John Elliott, Industrial Editor

A WARNING that legislation based on the Bullock Report's worker director proposals would fundamentally change Britain's stock company system and seriously restrain take-over activity is issued today in a document by the City Company Law Committee.

Called "A Reply to Bullock," the document has been sent to Mr. Edmund Bell, Secretary for Trade, by the committee, which consists of leading banking and other City figures under the chairmanship of Mr. J. F. C. Hull, chairman of J. Henry Schroder Wagg.

Its views come at a time when it is already clear that the Bullock Report will not be implemented in full. Nevertheless, any worker director system would require some changes in company law because of the impact it would have on the relative power of shareholders.

The committee condemns the Bullock proposals as a "neo-socialist structure of joint regulation by shareholders and union-appointed employees" and warns: "We are strengthened in our belief that the compulsory introduction of employee Board representation could damage rather than improve the efficiency and profitability of the private sector in the long term, while causing severe short term disruption to the management of the company."

Removing the ultimate control of a company from its shareholders would involve a fundamental change in Britain's joint stock company system, says the committee.

On takeovers, the committee says the Bullock proposals "constitute a major threat to the procedure whereby a company, through the machinery of a general offer to the shareholders of another company, acquires control of that other company."

This is a reference to the Bullock ideas for the treatment of groups of companies and subsidiaries which would mean that it would not be sufficient for a company simply to acquire a majority of the shares of a company it wants to own. For the take-over to become effective, the board of the company being bid for - including therefore its worker directors - would have to approve the change of ownership through an "instrument of control."

The committee also questions the practicality of the idea, the result it says, would be a "daunting restraint on take-over activity."

The committee also says that Bullock's "2X + Y" formula S.W.I. Price £1.50.

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'Defection' warning to Labour

By Christian Tyler, Labour Correspondent, in Southport

THE GOVERNMENT was warned yesterday that some of its recent decisions could lead to defection of its trade union supporters at the next General Election.

Its decision to over-ride the Price Commission and raise gas charges and its delay in implementing parts of workers' safety legislation were the main targets at the annual conference of the General and Municipal Workers' Union in Southport on the eve of its vote on the future of incomes policy.

To-day's debate on the social contract is, however, expected to leave Britain's third largest union in favour of another pay policy agreement of some kind.

Most of the union's ten regions have decided how they will vote on a resolution put up by the national executive committing the union to "an orderly return to voluntary collective bargaining" provided the Government comes up with explicit action on prices and jobs - in other words a reflationary budget in the summer.

Mr. David Bassett, general secretary, appears confident that he has a majority of the regions in his support despite the strong feeling against wage restraint expressed in branch resolutions.

One of yesterday's warnings on the mood of the Labour vote came from Mr. John Edmonds,

national officer for the gas industry, where the GMWU is the dominant union. He said one and a half million in workplaces under the Health and Safety at Work Act. The delegates carried resolutions demanding withdrawal of the gas price rise and immediate implementation of the safety representative regulations.

Another issue angering delegates was the postponement to October next year of rules national officer for the gas industry, where the GMWU is the dominant union. He said one and a half million in workplaces under the Health and Safety at Work Act. The delegates carried resolutions demanding withdrawal of the gas price rise and immediate implementation of the safety representative regulations.

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APPOINTMENTS

Birmid Qualcast executive posts

Mr. Brian K. Fitton, group managing director of BIRMIID QUALCAST, has been appointed to the additional post of group deputy chairman. Mr. F. T. Davies has become assistant group managing director and continues as chairman of the foundries division. Mr. P. A. Praterley, managing director of the home and garden equipment divisions, has been made chairman of that division in succession to Mr. H. Clarke, who has relinquished the position but remains on the present Board until his retirement on October 31. Mr. A. L. Emson, formerly group chief accountant, joins the main Board as group financial director. Mr. A. W. Fairbairn, secretary, is now group administration controller.

Mr. Ansell Eserton, a director of J. Henry Schroder Wagg and Co. has been appointed managing director of STANDARD CHARTERED MERCHANT BANK from July 1. On that date he will resign from the Board of Schroder Wagg.

Mr. W. P. Miller and Mr. P. C. Erickson have been appointed to the Board of GALLAHER.

Mr. H. J. Blackboro has been appointed director of FISON'S in addition to his present position as chairman and managing director of Fisons Pty. Australia.

Mr. R. G. Monwaring, vice-chairman of MIDLAND BANK INSURANCE SERVICES, has retired from full-time duties but remains with the company as a non-executive director in an advisory position. Mr. Kenneth C. Green, managing director, is now chief executive.

Mr. G. E. Ashworth, Mr. S. Rury, Mr. G. E. Carr, Mr. S. J. Miller, Mr. E. P. McTighe and Mr. A. N. Whiting, executives of DAVY INTERNATIONAL, have been appointed to the Board. Mr. P. W. Robinson has been made immediate director. Mr. McTighe and Mr. Robinson are managing director and non-executive chairman, respectively, of the recently acquired Herbert Morris.

Mr. B. T. Hill and Mr. W. J. Dangerfield have been appointed directors of GUY BUTLER INTERNATIONAL, currency deposit and foreign exchange brokers.

Mr. Ian Hedley will become deputy general manager of the division of the COMMERCIAL UNION ASSURANCE COMPANY on July 1. He will be succeeded as general manager, Iberian Insurance Company, by Mr. Eamon Walker.

Mr. Charles S. Jones, assistant general manager marketing of SCOTTISH LIFE LIFE ASSURANCE SOCIETY, is re-

ing on March 31 next year. He will be succeeded by Mr. M. D. Paterson, at present marketing manager (north).

Dr. E. G. Edwards is to retire as vice-chancellor of POLYTECHNIC OF BRADFORD from April 1 next year.

Mr. C. Wilsher has been appointed managing director of L. NOEL AND SONS with Mr. Roy Cooper as marketing director. The company is a subsidiary of Fitch Lovell.

Mr. John Bassett has been appointed director of product of PRODUCT (U.K.).

Mr. Raymond Hodges has joined the Board of GREENGATE POLYMER COATINGS (Allied Polymer Group) as technical director. He has been technical manager for four years.

Mr. E. G. Mead, Mr. K. S. Robertson and Mr. R. M. Westwood have been appointed directors of HOGG ROBINSON (PENSIONS MANAGEMENT) from June 1.

Mr. Roland Sperry-Jones has joined the Christopher Moran Group and will be appointed a director of CHRISTOPHER MORAN AND CO. the Lloyd's insurance broking subsidiary.

Mr. F. Douglas Nicholson and Mr. H. Butler Adams will retire from the Board of Vaux Brewery after the annual meeting on August 3. Mr. Douglas Nicholson will remain president.

Mr. Bernard Radstock has been appointed sales director for FREIGHT BUNLACK. He joins the company from Crane Fruehauf Rigids.

Mr. David Beattie, at present financial director of Sun Printers, has been appointed financial director of IPC MAGAZINES. He will join the company in the autumn.

Mr. J. A. Jukes has been appointed a member of the CENTRAL ELECTRICITY GENERATING BOARD for three years from September 3. He recently retired as director general (highways) at the Department of Transport. Mr. G. T. Shepherd, chairman of the Midland Electricity Board, has been appointed a part-time member of the CEGB for three years.

Canon advertisement for NP50 copier. Includes images of the copier, a person using it, and descriptive text: 'Canon announce the birth of their new generation desk-top plain paper copier. Lowest priced, most reliable. The new Canon NP50 copier for low-volume users has two important claims to fame. Firstly, it's the lowest-priced plain-paper copier in the world. Secondly, it's the most reliable. It's also the latest in our range. The Canon Range. There are now five copiers in the fast growing range. Originals up to A3 size (11 1/2" x 16 1/2") are readily copied and the NP50 goes up to 18" x 24". Other features include automatic document feeding, sorting and collation, copying onto labels and transparencies for overhead projection and onto offset masters. Canon Technology. All the copiers feature Canon's own patented technology known as the New Process (hence model designation NP). The Cds photoreceptor is fifty times more sensitive to light than others usually employed, a great help with difficult originals. The New Process alone would account for the growing number of Canon customers who demand the consistent copy quality they enjoy. Total Guarantee Agreement. Every Canon copier installation is covered by our Total Guarantee Agreement. It guarantees that users receive a standard of after-sales service that ensures maximum utilisation and implementation of pre-planned costs. Complete the coupon and confirm that Canon means the next step forward in office copying.'

Mr. Peter Davis and Mr. David Esterle have been appointed directors of MORGAN AND CO. (INSURANCES) NEWCASTLE.



# FINANCIAL TIMES REPORT

Wednesday June 1 1977

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Edinburgh EH2 1HJ,  
031-556 9241

# Local Authority Finance

There is considerable dissatisfaction about the methods of raising revenue by local authorities and the Government is attempting to exert greater control on spending. Changes both in the rate support grant and in the whole system of rating procedures are being considered.

## Conflict of objectives

By Colin Jones

FINANCIAL RELATIONS between local and central government in this country are largely determined by the interplay of three differing and in some respects conflicting political objectives. The first is the desire to promote a wide measure of decentralisation of governmental power. The second is the desire on the part of Westminster to influence the choice of priorities in public spending programmes irrespective of the level of government undertaking those programmes. And the third objective is the desire by central government to maintain some control over the aggregate level of public spending, including that part (almost a third) which is undertaken by local authorities.

The first motive is the oldest and can be traced back to the origins of local civic government in Tudor times. The second goes back to the middle years of the 19th century when the modern era of local government can be said to have begun with the reform of the police and the administration of

Justice, followed by the social welfare advances of the 1870's. The capacity of the rating system was so stretched by the expansion of local services which took place then—and which has continued more or less to this day—that central government was obliged to begin paying Exchequer grants to supplement local authorities' own more limited and very unevenly distributed resources.

The third motive—control of public expenditure—is the most recent. It arose when central government first assumed responsibility for the overall management of the economy towards the end of World War II. But in recent years it has become the most dominant of the three. This is not only

because a period of very rapid growth in local expenditure in the first half of the 1970's was followed by a world-wide recession and eventually by the need to bring the growth of public spending as a whole to a halt. It would have grown in importance anyway because of the increasing scale of local government activities. Between the early 1950's and the early 1970's the proportion of gross domestic product absorbed by total local government expenditure almost doubled from 9 per cent. to about 17 or 18 per cent.

For the time being at least the period of expansion in local services has ended. The returns of local authority budgets for 1977-78 show that local current spending in real terms this year

is likely to be only about 1 per cent. or so higher than last year, while if capital spending (which has been declining for the past three years) is included, then the growth of local spending as a whole really came to a halt in 1975-76. This is the first time for many years that such a sea-change has been brought about, and it has been achieved by a combination of coercion and exhortation.

Central Government has made full use of its control over local borrowing to induce a decline in capital spending. Steps were also taken to refurbish the effectiveness of the rate support grant mechanism as a lever over local current spending. The grant was made subject to a cash limit and the old tradition of "trend extrapolation"—whereby the slate was wiped clean each year irrespective of whether the current year's spending was exceeding the guidelines—was dropped.

Neither of these measures would have been sufficient by themselves, however. So long as local councils retain their autonomous tax-raising powers, a change in spending trends of the kind we have seen can only occur if there is a consensus among local authority and central Government, which is why the decision two years ago to set up a Consultative Council of Ministers and local authority leaders was of such decisive importance.

The measure of consensus between the local authority associations and the Government is about to be put to the test, however, by the Government's response to the report of the Layfield committee on local government finance. The contentious issue here is not the Government's failure to take up the committee's idea of a local income tax surcharge as an additional source of revenue

for local authorities. There was never the least chance of the Government accepting this proposal, or the committee's "polarisation" of the argument as an unavoidable choice between a predominantly localist solution and a predominantly centralist one. Nor is there likely to be much fuss about the Government's ideas for enhancing the role of the district auditor and for reviewing the policies underlying local fees and charges. With so much of the national income now going on the provision of unmarketed local services, there is every case for ensuring value for money.

### Hankering

The dissension will arise over the Government's hankering for an entirely new form of rate support grant. As is explained in another article, the new grant system—known at present as a unitary grant—would be simpler, fairer, more comprehensible, and would have the inestimable additional advantage of bringing out more clearly for the ratepayer the division of responsibility between the local council and the government in London. Basically, the grant would bridge the gap between the yield each council could expect from levying a standard rate poundage and the amount it would expect to spend to maintain a given standard of local services. If it chose to spend more, then it would have to levy a rate somewhat above the national standard (and vice versa) although not necessarily to the full extent of the additional expenditure (or shortfall) since the government could still choose to pay a sliding scale of grants for marginal changes in spending.

The trouble with this arrangement, however, would be twofold. In the first place, such would depend upon the reasonableness of the methods used for assessing local expenditure needs. Secondly, local authorities fear that they could be much of their present freedom to vary expenditure at the margin if the process became too explicit. On the one hand they would arouse the wrath of ratepayers if they spent more than the national standard, and they had to levy an above-average rate call.

On the other, they could expect to be subjected to pressure from various lobbies if they chose not to spend as much as other authorities and thus levied a below-average rate call.

### Abolish

The scope for local discretion would be reduced even more drastically, however, if an incoming Conservative Government proceeded to abolish household rates altogether. For—as is also explained in a later article—local councils could also expect to lose their control over the rating of business and commercial property if household rates were replaced by increased government grants. This would inevitably have an effect upon their borrowing powers and eventually local authorities could be reduced to a status akin to today's area health authorities.

The importance of household rates could of course be reduced by transferring the full cost of certain local services to the Exchequer. It might also be possible to find another basis for assessing dwelling houses other than rental or capital value. But part of the trouble seems to be that rates are disliked because they do not reflect ability to pay, or so it is popularly thought. That inevitably points to some form of income tax, yet there is really room for only one income tax in this country.

Until the Conservative leaders have resolved this and other issues, and are in a position to unveil their approach to local government finance, the future of the rating system will be the biggest single shadow overhanging local authorities. For if rates are replaced by government grants, local government as we know it to-day will have vanished.

## The borrowing requirement

THE SHEER size of the local authority borrowing often comes as something of a surprise to the layman. The National Debt amounts to £54bn., and on top of this must be added another £29bn. of local authority outstanding debt. By any reckoning the local authorities are very important users of the City's capital and money markets.

In its latest Return of Outstanding Debt, for March 31, 1976, the Chartered Institute of Public Finance and Accountancy (CIPFA) gives details of the debts of 53 counties, 31 London boroughs, the Greater London Council, the City of London, 36 metropolitan districts, 290 non-metropolitan districts and eight separate police authority loan funds. At one extreme, there is the GLC, which has an outstanding loan debt of £1,977bn., while at the other extreme is Oadby and Wigston, in Leicestershire, which at the last count had total debts of £3.8m. In between there are places like Merioneth, Ynys Mon, Taff-Ely and Cleethorpes and on any one day it is more than likely that one of them at least will be raising money. Rarely do lenders discriminate because of an authority's size, and the Vale of the White Horse in Oxfordshire should be able to raise finance just as easily as the GLC.

Some idea of the local authorities' dependence on public and private capital can be gauged from the breakdown of their total outstanding debt. CIPFA's most recent figures show that 12 per cent. of authorities' debt is categorised as temporary loans, another 8.2 per cent. is termed "revenue balances," effectively working capital temporarily used to finance long-term investment, and 19 per cent. of the debt is in the form of local bonds.

### Independent

However, by far the biggest part (38 per cent.) of all local authority borrowing is in the form of loans from the Public Works Loan Board. The PWLB is an independent statutory body which dates back to 1817 and is run by 12 unpaid commissioners. Local authorities are entitled to borrow from the PWLB 30 per cent. of their reckonable capital expenditure, plus 3 per cent. of their outstanding capital debts subject to a minimum of £500,000. For some of the poorer parts of the country the proportion of capital expenditure rises to 40 per cent. and 4 per cent. of outstanding capital debt. In the last financial year three-quarters of all local authorities borrowed from the PWLB, but there is a limit to how much

ANALYSIS OF OUTSTANDING DEBT—MARCH 31, 1976	
	Per cent. of total
Temporary loans	12.0
Revenue balances	8.2
Stock	6.2
Negotiable bonds	3.1
Bonds	15.9
PWLB loans	38.3
Mortgages	12.0
Other	4.3
<b>Total</b>	<b>108.0</b>

Source: CIPFA

money the PWLB can lend, and in the last few years local authorities have become increasingly reliant on non-PWLB finance. The Minister of State at the Treasury, Mr. Denis Davies, recently estimated that authorities now borrow more than half their funds from the market.

A very useful guide to the intricacies of local authority financing has recently been published by stockbrokers, Phillips and Drew, entitled, "Local authorities in Britain—their financing and the security they offer to lenders." The authors give a case study of the financing of a typical local authority—the City of Coventry. Over the last year Coventry's outstanding debt grew by £18.2m. Within this total figure, Coventry raised £10m. of stock, £5.3m. of PWLB loans, and £10.5m. of other bonds. At the same time it repaid £16.0m. of temporary loans. These figures may not sound large but in fact Coventry turned over £1.2bn. of total debt during the 12-month period, which goes to show that though the net figures involved may be relatively small the gross financial flows are very substantial.

Coventry's experience during its 1975-76 financial year is fairly typical, and it underlines the local authorities' growing dependence on non-PWLB sources of finance. Under current legal requirements no more than 30 per cent. of a local authority's outstanding debt may have an initial term of less than one year, and of this no more than three-quarters may have an initial life of less than three months. As interest rates have been rising steadily over the last few years the authorities' natural reaction has been to refinance their debt for shorter and shorter periods in the hope that eventually rates would fall.

This has meant that Town Hall treasurers have begun making increasingly frequent trips into the short-term money markets, and while they still have to abide by the 30 per cent. rule for new term debt, the proportion of total debt falling due within a year has, in fact, risen to almost 40 per cent.

For local authorities the short-term money markets can be divided into two parts. On the one hand they can take deposits on some form of notice—seven day notice is probably the commonest type. And while such deposits are termed "on call," many financial institutions have seven-day notice money running with local authorities for years. The second type of short-term deposit for local authorities is the loan with a fixed initial term. Often it will be fixed for an initial term of three months and then at seven days notice.

However, the shortening debt profile of the local authorities has been worrying the Government for some time, because it has meant that the turnover at the shorter end of the market has been increasing rapidly. The greater the turnover, so the argument goes, the more likely the threat that a local authority could be temporarily embarrassed if a large lender suddenly withdrew its funds, and this in turn could affect confidence in the rest of the market. Consequently, the local authorities and the Treasury have been discussing a voluntary code of borrowing conduct which is intended to lengthen the average debt profile.

### Searching

The impact of the voluntary code on the market's rate and term structure is still far from clear, but obviously the authorities are going to be searching for more longer-term money than they have in the past, and this will undoubtedly put pressure on longer rates vis-à-vis the short end of the market. Already, the code's influence is being reflected in the growing number of corporation stock issues with a maturity of five years plus in the pipeline and the Bank of England's informal queue of authorities wishing to tap this market is now running well into next year, apparently.

Over the past couple of years the so-called "yearling" negotiable bond has become increasingly important, but as authorities start lengthening their debt profile the proportion of bonds with three, four and five-year maturities is rapidly increasing. By contrast, another part of the long-term market on which the local authorities used to place great reliance, the so-called "lenders option" market has in the opinion of Bernard Fison, Phillips and Drew's money market partner, been "virtually killed" by the new code, since the term of such loans is now to be judged by the earliest maturity date and not the theoretical maximum life of the loan.

William Hall

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LOCAL AUTHORITY FINANCE II

Rate system under review

ALTHOUGH IT is now more than a century since local councils in this country began to finance part of their activities from central government grants, rates still yield local authorities total current expenditure for almost a third of local authorities' total current expenditure and they are still very much a traditional and essential part of the local democratic system. Any change in the rating system, therefore, could have vital implications for the way local government operates. Changes, however, there have been, the scarcity of free market rental evidence for dwelling houses was already causing concern long before the 1973 revaluation. In that year about 44 per cent of all homes in England and Wales were rented, but only 13 per cent were rented from private landlords and, according to the Inland Revenue Valuation Office, less than 2 per cent were let at rents which could be reconciled with the definition of gross value for rateable value purposes. In some areas open market rentals were available for as few as two houses in a thousand, while the shortage was particularly acute in most parts of the country or houses which had been built since 1945 and which, in all, now constitute almost half the total housing stock. One is not surprised, therefore, that the Inland Revenue Valuation Office should have more or less formally advised that another revaluation on the present rental value basis could not be envisaged.

Substitution

Unfortunately, the question of what should be substituted for the present system looks like becoming a matter of sharp party political contention. On the one hand, the present Labour Government—like the Layfield committee a year ago—has accepted the virtually unanimous advice of the Inland Revenue Valuation Office and the officials of the Department of the Environment in favour of using capital values as the basis for assessing residential property. On the other hand, one finds the Conservatives still apparently adhering to Mrs. Margaret Thatcher's pledge to abolish domestic rates in their present form, although without as yet saying exactly how they would propose to do this.

Support grant may alter

THE RATE support grant has been described as the rogue elephant in local authority finance, and there is a lot of justice in that comment. For the grant mechanism is meant to serve three quite different and to some extent conflicting objectives. It is supposed, in the first place, to relieve ratepayers of the full cost of local government services, and to do that in such a way that does not impinge too much into the autonomy of local decision making. Second, the rate support grant is intended to compensate local authorities for differences in their needs and resources in such a way that, by and large, ratepayers in different areas are not called upon to pay widely differing rate poundages for broadly the same standard of services. Finally, the grant mechanism has come to be used by central government in recent years as a lever whereby it can influence the level of local government current spending according to the requirements of the Government's demand management policies.

It is not only hard for the grant mechanism to ride all the three horses at one and the same time. The present grant system has not even been designed to be able to pursue at least two of these objectives fully and fairly. For example, the element in the rate support grant which is designed to compensate for differences in local authorities' rateable resources is a deficiency payment and does not achieve full equalisation; and further moves towards equalisation have been resisted on the grounds—among others—that it is unfair to allow councils that choose to spend disproportionately more than others to use the resources element to mulct the taxpayer to help pay for the excess.

Similarly, the system of needs assessment comes under more or less constant criticism (another search for improvements has now been put under way). As for the third and latest objective, the grant mechanism was never designed to be an economic control instrument for central Government and is totally unable to discriminate between councils which are ignoring the Government's guidelines and those which are not. Accordingly, when "sanctions" in the grant mechanism are invoked—as in the last couple of years—the "penalties" are visited upon everyone.

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In favour of the adoption of capital values, several arguments can be advanced. Such a change may not make the rating system less unpopular, but it should make it seem more comprehensible to the ratepayer than one based upon what—in all but a few instances nowadays—is a notional rental value. Second, it should—subject to certain provisos—make the rating system more progressive. And, third, it would be more logical now that more than half of all homes in England and Wales are owned by their occupiers.

For the same reason rental values are still being retained for next year's revaluation in Scotland, where fewer houses are owner-occupied and where more evidence of (balanced market) values appropriate to Scottish valuation methods is available. The same point is observed abroad. Capital values are the basis of assessment for the local property tax in the United States, West Germany, Denmark and Luxembourg, while rental values are used in France, Belgium and the Netherlands where renting predominates.

The arguments are not so clear cut as to make the adoption of capital values universally acceptable, however. In the first place, it would subtly change the nature of household rates. Instead of being a tax upon a particular source of income, rates would now seem akin to an annual capital tax—at least to owner-occupiers.

Second, the comprehensibility of the new system could be clouded somewhat by the way in which certain technical problems were handled. Because of the greater volatility of house prices as compared with rents, each revaluation would have to be related to a period rather than a set day, houses and flats would have to be bridged into a series of valuation bands and regular revaluations would be essential. So that a common rate poundage could be levied on domestic and non-domestic property (which would still be valued on a rental basis), a divisor would have to be applied to the capital values of domestic property or, alternatively—and much better from the presentational point of view—a multiplier applied to the non-domestic sector.

Third, a valuation list based upon capital values would bring sharp changes in the incidence

of rates. The more expensive houses, especially in rural areas, would generally have to pay much more. So, too, would occupiers at the bottom end of the scale. And to a large extent domestic property in the less affluent parts of the country would tend to be uprated more than properties in the better off areas.

The changes partly reflect the differences of motivation between a purchaser and a potential tenant of a property, and in part the failure of the present valuation system fully to reflect movements in recent market values. They could be moderated by the use of the rate rebate system (at the lower end of the income scale) and possibly by the use of different rates at different parts of the country.

However, they could also help to undermine the public's willingness to accept the switch to capital values or even—given that it would be ten years since the previous revaluation—pose a threat to the public's tolerance of the rating system as such especially in view of the fact that the Conservative Party is still saying it would abolish domestic rates. One of the Conservatives' main arguments against the present rating system is that it does not adequately reflect ability to pay. In practice, household rates are much less regressive than they were (and capital values, plus rebates, would make them even less regressive). One can also argue whether it is the progressivity or otherwise or the totality of the tax system, rather than just one part of it (that is rates), which is

important. But there is no doubt that failure to reflect ability to pay is a widely held view of the domestic rating system. Mr. Michael Heseltine, the Conservative front-bench spokesman on the environment, has also made it very clear that his Party would regard a system based upon capital values as "even more unsatisfactory" than one based upon rental value.

Change

The big worry, however, is that the Conservatives have not yet explained what they would have in place of domestic rates "in their present form." The scope for adopting another form of local property, sales, payroll, poll or motorist tax or a local income-tax surcharge is virtually nil. One is driven

to the conclusion that the only real alternative is increased Government grants. If domestic rates were abolished altogether, then local authorities could expect to lose control of the non-domestic rate (which would probably become a nationally-set and nationally-appropriated tax). This in turn would mean that local councils would no longer have the freedom to vary their spending at the margin and they would also no longer have the same scope for raising and servicing their own loans.

In short, the whole basis of local government as we now know it would have gone. The implications are so considerable that one trusts that Mr. Heseltine will soon be in a position to tell us more about his Party's detailed thoughts.

C.J.

Changes in housing

DESPITE THE massive increase in resources devoted to housing—investment in England in the public sector has been a third higher in the last three years than in the previous three and there is now a crude national surplus of homes—acute housing problems remain.

Until the end of the last decade, the major emphasis was placed by Government and local authorities on eliminating slums and making good a gross housing shortage by the most direct means: building, clearance and rebuilding. It eventually became recognised, however, that this policy represented at best only a partial solution to the nation's housing problems and that the value of improving and fully utilising existing housing stock was just as important as the building. In future, the transformation of people's living conditions will come through gradual renewal or rehabilitation or a mix of both.

The Government now believes that housing can no longer be considered as a uniform national issue to which national targets and national solutions can be applied. There is now

widespread acceptance that there are "packages" of problems with no one locality or housing authority having exactly the same difficulties as another. To cope efficiently with its housing needs, each local authority will need to have a total, moving picture of housing conditions in its own area.

Emphasis

This according to latest Department of the Environment thinking, will mean a new emphasis on a more systematic and consistent approach to assessing housing needs. It should not involve a "one-off" exercise but form a continuous process, with the results regularly introduced into the authority's forward programming.

A major part of the forthcoming Green Paper on housing policy will involve proposals to remove the rigid compartments which now separate the various programmes of housing investments. The idea is that authorities will be able, within overall budgets allocated on the basis of relative need, to order

their own expenditure priorities.

Such thinking has already been reflected in the Government's decision to introduce specific allocations for authorities for municipalisation rather on the lines of the Section 105 rehabilitation allocation and in allowing authorities to switch up to 20 per cent of one programme to the other. Similar arrangements for private sector improvement grants are also being considered.

This, however, was merely a taste of what is to come and a system of comprehensive capital investment budgets related to local housing strategies and programmes is now being introduced.

In April, Mr. Peter Shore, Secretary for the Environment, unveiled the first part of proposals which he expects will enable local housing authorities to respond more sensitively to local housing needs.

In 1977-78, local authorities will have much greater flexibility in deciding what capital expenditure on housing to undertake within their overall allocations. There will be four capital expenditure groups: housebuilding; acquisition of homes, improvement to local authority houses and slum clearance; grants for improvements and loans for house purchase and housing associations. Within a group, local authorities will be able to switch expenditure to one type of activity in order to meet local needs. They will also be able to transfer a proportion of expenditure between different groups, the maximum movement allowed being 25 per cent. Authorities can, at the same time carry forward an underspend to the following year or anticipate the following year's expenditure, within certain limits.

The present Government believes that, providing the new system is simpler and more coherent than its predecessors, there will be very few people who will mourn the passing of the old arrangements. A system of housing budgets, it believes, should not in any way diminish a local authority's real area of discretion over its housing policy.

Intention

Quite the reverse is anticipated. The intention is that the system of housing plans and budgets should increase the freedom of authorities to do the job as they think best within parameters agreed with central Government. The new system, says the Government, should end the present distortions and niggling interferences of the present financial regime.

But deploying the resources to where they are most needed will not be enough. They must, says the DOE, be used with much greater efficiency than at present, an area which has in the past often been shamefully neglected.

Many public sector housing schemes are far too long, with consequent heavy and unnecessary costs, although waste of resources is by no means confined to the local authorities. Rehabilitation unit costs, design and administrative costs generally can also be reduced and there is scope for reducing the proliferation of basic house designs employed by different authorities.

But although recent public expenditure decisions have cast their shadow—not least in the shape of last year's repossession of controls on new building—the Government is anxious to emphasise that none of its basic policies have changed. It still

C.J.



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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## PROCESSES

### Raw material recovery

**EQUIPMENT FOR the recovery** of valuable raw materials from scrap is being developed and marketed by Osro in the U.K. and Strunz in West Germany. The system is based on a Siemens patent.

Basically an incinerator, it can be used for a variety of recycling processes, such as the detaching of suspension jigs used in electrostatic painting; metal recovery from old cable and cable ends, or motor windings; removal of oil and grease from metalworking swarf, and disposal of plastic and resin wastes. Any metal covered with paint or contaminated with any sort of hydrocarbon can be treated and the basic raw materials recovered.

The company says that the savings possible often allow the equipment to be amortised within three or four months.

It is claimed that there is no atmospheric pollution. Contaminated materials are placed inside a chamber and indirectly heated by the hot gases generated by an oil or gas burner. As the material is heated the hydrocarbons are driven off, and fed back to the combustion chamber where they are used to generate further heat.

The maker says the exhaust gases are odourless, and once in operation the process is largely self-fuelling. If PVC or similar plastics are incinerated, toxic gases are formed, and a scrubber must be used. Furnace capacities at present available range from 0.5 to 120 cu. metres.

Details from Osro, Mark Road, Hemel Hempstead, Herts., HP2 7BX (0442 2181).

### Press for foam panels

A RANGE of hydraulic presses has been developed for the production of foam panels, such as those used for refrigerator and freezer insulation, cold stores, refrigerated vehicles, and as wall insulation panels.

Presses available range from cold presses for 1 metre square panels to end-loading presses for panels up to 5 metres long (more if required) for flow-line production. Presses with heated platens can also be supplied.

The presses can be built with fully automatic opening and controlled pressure release. All

except the smallest machines incorporate at least one compensating rack and pinion mechanism to ensure parallel opening and closing of the press. Rollers can be built into the table of every type to facilitate loading and unloading.

A safety guard trip wire encircling the base of the machine, which immediately stops the machine if touched, can also be incorporated.

Details from the maker, Interwood, Stafford Avenue, Hornchurch, Essex RM11 2ER (Hornchurch 52591).

## COMPONENTS

### Synchronism made easy

THE ORTHODOX method used in professional studios for running taped sound in synchronism with film is both costly and complex because of its dependence on a three-phase ac power supply.

In conventional interlock systems, the motor drive to the projector is provided by a three-phase synchronous motor connected by a toothed belt, which runs at a pre-determined speed of either 24 or 25 frames per second. Speed change is achieved laboriously by altering the pulley ratio between motor and projector. The normal three-phase motor used is bulky, but offers capable only of intermittent running. It is difficult to mount on to 16mm projectors and creates design problems because of the vibration it causes.

Designed for use with both 16mm and 35mm film, the Edit system gives synchronism with reel-to-reel magnetic tape or cassette sound sources—and without the need for a three-phase power supply. Edit provides continuous frequency driving a pulse operated motor, which is connected to a projector's main drive shaft through a toothed belt.

The running speed of the motor can be varied by simply altering the frequency of the control signal, the toothed belt ensuring a positive lock at all times, running or stationary.

Speed selection is electronically controlled for up to 50 fps, in both forward and reverse, while locked into the mains frequency provides for a 10% drive at either 25 or 24 fps. Each single frame change is operated by 200 signal pulses and the single-frame control button is designed to advance or retard the film by precisely one frame at a time to within an accuracy of one pulse.

### Agreement on valve production

AN AGREEMENT between Adamson and Hatchett of Dukinfield, Cheshire, and Chronister Valve Company of Houston, U.S., which comes into force today, gives the U.K. company the right to manufacture Chronister valves in this country.

Adamson and Hatchett, which is a member of the Arcrow Group, is initially to offer conventional types of Chronister positive sealing gate valves mainly for pipeline requirements.

The first to become available will be the CF2100 through-conduit gate valve. This will be offered in a range of body configurations designed to meet particular pressure requirements.

The valves will be made from steel pipe and plate in diameters up to 24 inches and their gates will be activated manually or by electrically or hydraulically powered systems. Gases, liquids and slurries can be controlled by these valves.



This is the camera head of a new EMI portable colour television camera equipment to be launched this week at the Montreux Television Symposium. It fulfils a universal demand by broadcasters for a genuine lightweight unit which, says EMI, most manufacturers have failed so far to meet. The camera head with three-inch viewfinder and a 12:1 f1.7 zoom lens weighs about 7½ kg while the electronics unit, which can take the form of a backpack, weighs about 10 kg.

Alternatively the twin can be separated by up to 120 metres of lightweight non-kinking cable. EMI describes the picture quality as "uncompromising": signals comparable with those from heavy studio cameras are generated from a 3 inch Saticon or lead-oxide pickup tube. Designated 2008, the equipment is available in 625-line 50-field or 525-line 60-field versions and can be powered from any ac mains or from 12V dc. More from EMI Sound and Vision Equipment, 252 Blyth Road, Hayes, Middx. (01-573 3888).

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## TEXTILES

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MACHINERY WHICH is expected to appeal strongly to companies needing to prepress fabric for subsequent processing has been successfully developed by one of Britain's smaller textile machinery makers.

The company Smith (Textile Machinery, part of Smith Holdings (Whitworth)) is hoping the machinery, recently demonstrated in operation at Vordle Fabrics, Chisley, Derbyshire works, will attract buyers at home and abroad.

The equipment at Vordle Fabrics, part of the Vardon Group, is claimed to be the biggest open-width processing range of machinery of its type in the world. The range is being used to prepress polyester-cotton blend sheetings for subsequent processing after weaving.

The line of machines comprises seven units in sequence and any selected route through the plant can be taken by the cloth which can be any width up to 120 inches maximum. The fabric can be padded, washed and squeezed, saturated, steamed and washed-off and then dried in the open width to give a fabric ready for printing.

A total of £250,000-£300,000 has been spent at the Chisley works on the new range which is said to be capable of meeting all the company's current needs.

## SECURITY

### Glues glass to frames

SIMPLE and inexpensive, an easily fitted "blade lock" that makes Weatherbeater windows the only known range of louvered windows preventing the removal of glass blades without breaking the glass. This meets the criticism, made increasingly over the last 18 months, that louvered windows are security risks.

The new arrangement consists simply in forming a bond between the glass and the bladeholder in such a way that the glass blade cannot be extracted. Blade locks are fitted over the centre boss of each bladeholder, and secured to the glass blade with high strength adhesive, thus forming a positive lock.

Beta Aluminium Products, Pannell's Court, Chertsey Street, Guildford, Surrey, Guildford GU6 7EY.

## MATERIALS

### Marks will stand heat

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Colours available are white, yellow, blue and red.

Details from Lawtons of Liverpool, 60 Vauxhall Road, Liverpool L69 3AU (051 227 1212).

# VACU-BLAST NEWS

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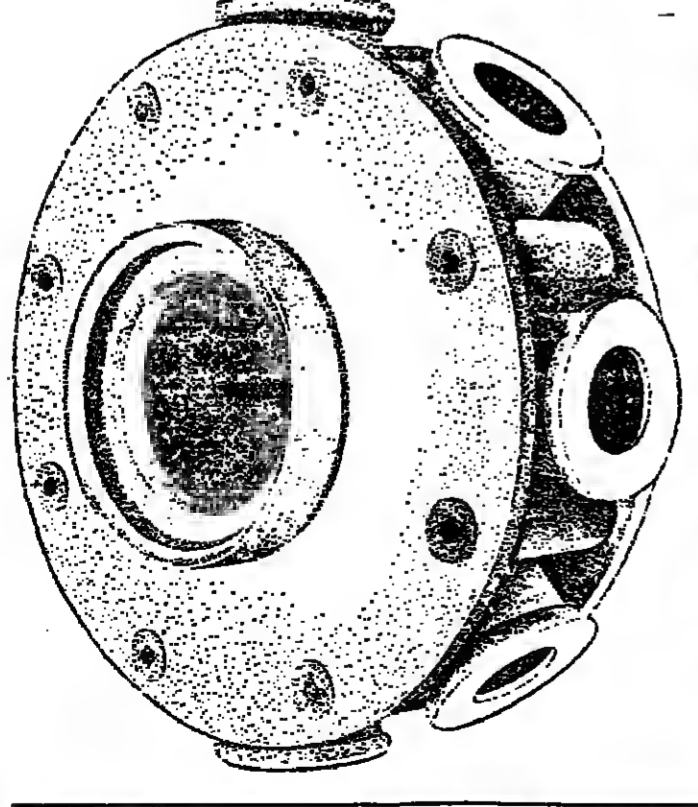
Historically, all centrifugal blasting plants (the ones which use wheels to hurl the abrasive) have employed flat metal blades.

They wear out quickly, they are awkward to replace, they have many shortcomings.

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in addition to normal ferrous abrasives, our new wheel plant can use glass beads and other light weight media.

So today, many famous organisations are using - or in some cases having built - our new wheel plants for widely differing jobs. For instance: etching steel and aluminium gas bottles, reconditioning oil drums before painting, cleaning steel plates and sections and treating pre-fabricated steel building sections.



## PACKAGING

### Fast label printing

STOCK CODES, prices, "sell by" dates, and product descriptions can be printed on to labels at speeds up to 150 characters/second or 900 labels/minute, with an alpha-numeric printing/coding module developed by Helix Materials and Systems for use with the company's Helix-Aire 23 high-speed labelling systems.

This is claimed to be four times faster than conventional hot-foam or ink printing techniques. The equipment is based on a computer-model printing head, in which each character is formed from a 7 by 5 dot matrix printed by a set of solenoid operated pins. These can be used to print through an ink ribbon, or can directly emboss plastic or metal foil labels. Two or more beads may be mounted in parallel.

The printing program is set up on a hand-held device resembling a pocket calculator, which is available with plug-in character fonts for most codes. Alternatively, a computer or a teletypewriter keyboard can be used to input data. Once the printer has been programmed, the input device can be disconnected to prevent tampering. Apart from printing repeated information, sequential numbering is possible, triggered by a counter on the product line.

The printer memory, which is housed in the labelling machine control box, has a capacity of 32 or 64 characters.

The Helix-Aire 23 systems use self-adhesive labels supplied on a backing roll. The labels are applied to the product by air jets, triggered by photoelectric sensors. Since no part of the applicator need touch the product, the system can operate at any angle with product flow in either direction, applying labels on to packs of irregular height or even into deep recesses.

The standard machine can place labels measuring from 1 by 1 inch to 3 by 5 inches at speeds up to 1500 linear inches of label web/minute, with placement accuracy of ± 1/32 inch. The company, which is at 545 Southwick Road, Slough, Berks, U.K. (0753 32212) says it is seeking distributors for the system in most countries, preferably from among printers of self-adhesive materials.

## SERVICES

### Analyses hydraulic fluids

VISCOSITY, SPECIFIC gravity, water content, acid formation, weight of contamination, and particle counting and analysis can all be carried out at a hydraulic fluid analysis laboratory opened by Tell-Tale Filters, Peel Street, Morley, Leeds LS27 5EL (0532 537921).

This analytical service will be available to everyone, not just filter customers. It can assist in machine failures, and in identifying potential trouble. Quality control checks can be carried out, and the results compared with suppliers' specifications.

To assist the user, a special kit is supplied on loan from the laboratory comprising sampling valves and sample bottles, detailed instructions and a questionnaire. Results are normally available within 24 hours of receiving the fluid samples—a full analysis costs £20.

### Source of superseded bearings

ALTHOUGH THE wide range of standard bearings offered by major manufacturers meets the great majority of industry's requirements, occasions still arise when a particular bearing no longer in regular production must be obtained, either for replacement or for use in long established products.

To meet this need, Ransome Hoffmann Pollard has set up a special bearings department. This facility manufactures entirely to customers' orders, in any quantity, from one bearing upwards.

The range supported covers ball or cylindrical roller bearings up to an outside diameter of 300 mm., in standard carbon-steel, chrome bearing steel or corrosion-resisting steel, and RHP holds the drawings for thousands of original designs.

This new unit is based at RHP's Chelmsford factory.

## DATA PROCESSING

### Gets more on discs

INCREASINGLY making itself and existing maintenance arrangements are completely unaffected. Installation takes 30 minutes and is carried out on-site by Saggiorn engineers.

More from Saggiorn, Green Dragon, House, High Street, Croydon, CRO 9XN, 0440 5321.

Latest product announced last week, called disc space manager or DSM, is aimed at IBM 360/370 users and is intended to make better use of disc storage.

Essentially the object is to delay or even obviate the acquisition of additional disc drives by allowing the sharing of work area space across partitions. It is claimed that one in six spindles typically can be saved.

The company says that no modifications are required to IBM's DOS/VS supervisor and that the relevant job control statements have been simplified so that coding effort is reduced. DSM will manage only that disc space that the user gives it to manage. Initially the user specifies this space by setting up a simple table giving space on each drive and this can easily be changed after installation. More from Burywood Road, Hitchin, Herts (0462 50399).

### Telex tape on memory typewriters

EDITED telex tape can be produced with a standard IBM 82 memory typewriter using Saggiorn Electronics SE400 Telexer. An optical coupling interface, designed and developed at Saggiorn's manufacturing centre in Haverhill, Suffolk, enables the typewriter to be linked to a paper-tape punch.

The new version, known as the SE400 M, has been developed as a result of enquiries received from earlier work by the company in this field.

The SE400 M in no way interferes with the normal working of the IBM memory typewriter

### Checks air pollution

DEVELOPED by Nuclear Enterprises in collaboration with the Atomic Energy Research Establishment at Harwell is an energy dispersive X-ray fluorescence analyser designed to monitor airborne particles.

It will deal with most elements above magnesium; lead dust for example can be measured to a precision of two micrograms per cubic centimetre.

Air is pumped past a filter on which the polluting material is deposited and after a pre-set collection time the latter is automatically transported to the analyser, the output of which is electronically processed to provide outputs for printer, recorder or digital panel meter. Out-of-tolerance air conditions are indicated by both visual and audible alarms.

More about the instrument, which requires only little attention at weekly and monthly intervals, from Nuclear Enterprises at Bath Road, Beemham, Reading RG7 5PR (075321 2121).

### Printer for many speeds

ADDED to the Centronics range of printers is the 6000 series, which requires only little attention at weekly and monthly intervals. The company says it is now available to enter markets from which it was previously

## When tyre moulds need cleaning-tread carefully

Blasting machines to gently remove on-cure deposits from tyre moulds, are a VACU-BLAST speciality. Most of the plants we've built are either semi or fully automatic and they feature our unique system which allows the cleaning medium—usually tiny glass spheres—to be recovered, sorted out and the wood used re-used. One plant now being built for Yuzovlavia incorporates three blast nozzles which automatically scan the entire area of the mould, leaving the surface uniformly clean and allowing it to be put back into production whilst it's still hot!



## Curing fibreglass boat disease

Osmosis is a nasty problem with some fibreglass boats. Suddenly a crop of alarming blisters appear which must be opened up and the hull allowed to dry before the surfaces is re-gel coated. Treating the hull surface to give a very fine etch before re-coating is essential and there is no better, faster and perfectly dust-free way than using a mobile VACU-BLASTER. This machine blasts and recovers the abrasive and debris all at the same time. Then, just for good measure, it automatically separates the re-usable abrasive from the dust.

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Cleaning the edges of steel plate is a vital requirement in shipyards and other places where large quantities of materials are to be automatically welded. So VACU-BLAST developed a simply wonderful device called the "Edge-cleaner", which either runs along the plates or, if required, allows the plate to pass through it. At speeds of up to five metres a minute, the plate edges are given a virgin metal finish and the blasted area left completely dust-free. That's why most of Europe's major shipyards say our unit has "the edge" over any other system.



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# The Management Page

EDITED BY CHRISTOPHER LORENZ

BRITISH STEEL

BY JOHN ELLIOTT

## Testing the metal of worker directors

DURING THE months of bitter argument and debate that have raged over the issue of worker directors and the Bullock Report, little has been heard about the only major experiment in employee representation in the Boardroom to have taken place in this country. This is the British Steel Corporation's system, which was introduced when steel was re-nationalised in 1967 but which has rarely been trumpeted either by the Corporation itself, by the unions involved, or by the TUC.

The Bullock Report, echoing the TUC's view, was dismissive about the experiment's "lack of success," and an academic study from 1969-1971 published last year also painted a picture of weak management-dominated worker directors failing to seek out and influence the centres of corporate power.

Now, in an attempt to introduce some balance in this somewhat one-sided catalogue of criticism, the steel industry's worker directors have banded together and written a book called "Worker Directors Speak" with the help of two London Business School academics, one of whom used to work for the BSC and was closely involved in their operations.

Sheds light  
Their work which is to be published next week is a polemic with no attempt being made by the worker directors to be impartial in their judgments—although they do not shy away from criticising some of their own failings. There is also, regrettably, no input from the BSC view on their effectiveness. Nevertheless, the book does shed some useful light on the problems facing a bunch of "worker" directors thrust to the world of top management with little support and no training. And it also deals with problems that any worker director system will face in the relationship with management workers, the need to seek the real power-making centre of an organisation, the need for how many seats workers are given, and where is any conflict between the role of being a director and a union representative. They became unsure of themselves, realising that I now had access to levels of information they didn't have. They resented this and felt they had an equal right to have this information, possibly a greater right. They gave me a real hammering... I admit it's a bit awkward. One day the department manager is my boss and I have to carry out his instructions like other workers. The next day I'm off to a Board meeting and it's a meeting he'd love to go to... I didn't elow for envy, jealousy, bitterness.

But there was also jealousy and envy from fellow workers and trade unionists who would say: "He's a big boy now and he's bloody lost touch with us." Eventually, however, the scheme was revised—in 1972—and then started to improve.

Not concerned  
In contrast with official TUC policy, the worker directors are not too concerned about whether there is "parity" between the union and the shareholder-management representatives. They feel that it is more important to have the right man on the right committee or Board than to worry about the precise percentage breakdown of the power groupings.

Even after 1972 the worker directors were still not really located in significant power centres—they still only have a nominal and informal presence on the top Corporation Board—because the group Boards remained advisory and the real job of decision-making was taken on a variety of management committees. In March 1973, however, the function of the group Boards and a lower tier of executive management committees were merged. But the worker directors—now

based in a ratio of about one-to-three on manufacturing division management committees—have still spent a lot of time seeking out the real decision-making centres.

When you only attended the divisional management committee you sometimes felt you were just rubber-stamping the decision to put in planning forms and so on came from the groups. So we asked the group management committee and then found that the group had its own planning committee and that we were actually rubber-stamping that. So we moved to the planning committee within the group to get to the source of decision making...

There is also, of course, the problem of what the worker director does when his fellow workers go on strike. Typically, the worker directors were not told or advised when to do when the system started in 1968. But the problem quickly arose with a bricklayers' stoppage. The worker director involved joined the strike and his decision was backed by Lord Melchett and Ron Smith. "Since then it has been understood that employee directors will join strikes and industrial action which affects their regular jobs. But if one goes on strike as a worker, he is still expected to attend Board meetings as a director during the strike. At first sight this seems strange but I suppose it's logical," says one worker director in the book.

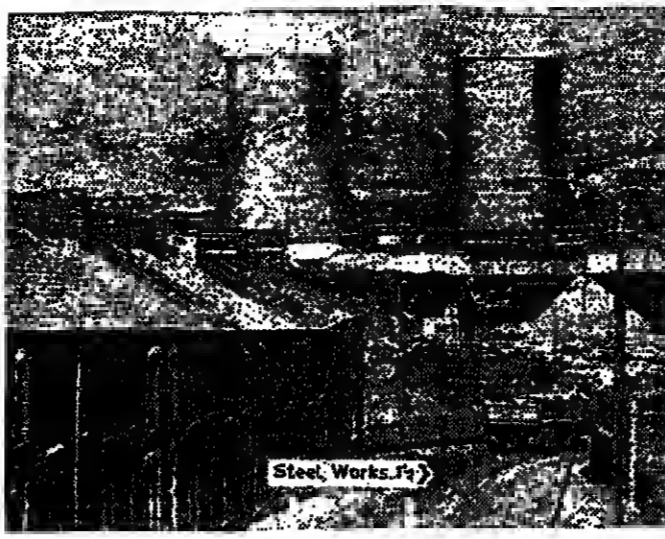
Now, 10 years after the scheme was introduced, it may be overhauled again to bring it more into line with the post-Bullock Report era.

In their book, the 17 steel worker directors propose their own charter which would include them taking up one-third of the seats on both the Corporation national Board and the group management committees, where they now sit in a smaller proportion. They also want formal arrangements to report back to their members and want to be provided with expert advice by both the unions and the Corporation. In addition, they want to have the same status and facilities as other directors, plus the right to have their dissent recorded—an important point for a union activist who wants to be able to reserve the right to opt out and continue his battles on the shop floor. The steel unions themselves are also now drawing up their proposals for the future, partly based on gaining one-third of the Corporation's seats.

So, however much the steel experiment may have been derided during the past decade, it has provided a sound basis for future developments. It has undoubtedly sometimes eased the job of managing the industry and boosted the employees' voice, because the existence of the worker directors has had a varied but increasingly positive impact on management thinking.

Partly because of the way the scheme has developed, the actual impact on decision making has also inevitably depended to a considerable extent on the strength of personality of the worker directors involved, on the areas in which they have operated, and on the relationship they have been able to build with top management.

Worker Directors Speak. By the BSC employee directors, with John Bonk and Ken Jones. Gower Press, 1, Westmead, Farnborough, Hampshire, £5.



Steel Works, F.

**65**  
PENSIONS  
and BENEFITS

## Long-term costs of retirement

BY ERIC SHORT

IT IS ENTIRELY appropriate that the first conference of the Pensions Management Institute, being held in London tomorrow, should discuss the impact of inflation on pension funds. For it is a subject that needs much more consideration than it has had so far; in particular, the pension fund managers need to consider the long-term implications of high level inflation.

The conference is also particularly timely since the annual increase in old age pensions designed to make-up for the ravages of inflation over the past year was announced only last week by the Government. Civil service pensions are now linked to the Retail Price Index and revalued each year in an attempt to preserve the purchasing power of those pensions. As for pension schemes in the private sector, inflation has now become the most dominant factor affecting their design and operation of company programmes, and the high level of inflation in recent years has put a question mark over the future of pension provision through private fully funded schemes.

Inflation has two main effects on pension schemes. In determining the benefit structure and in the investment policy of the fund. Both of these features determine the cost to the employer of running the pension scheme.

### Objective

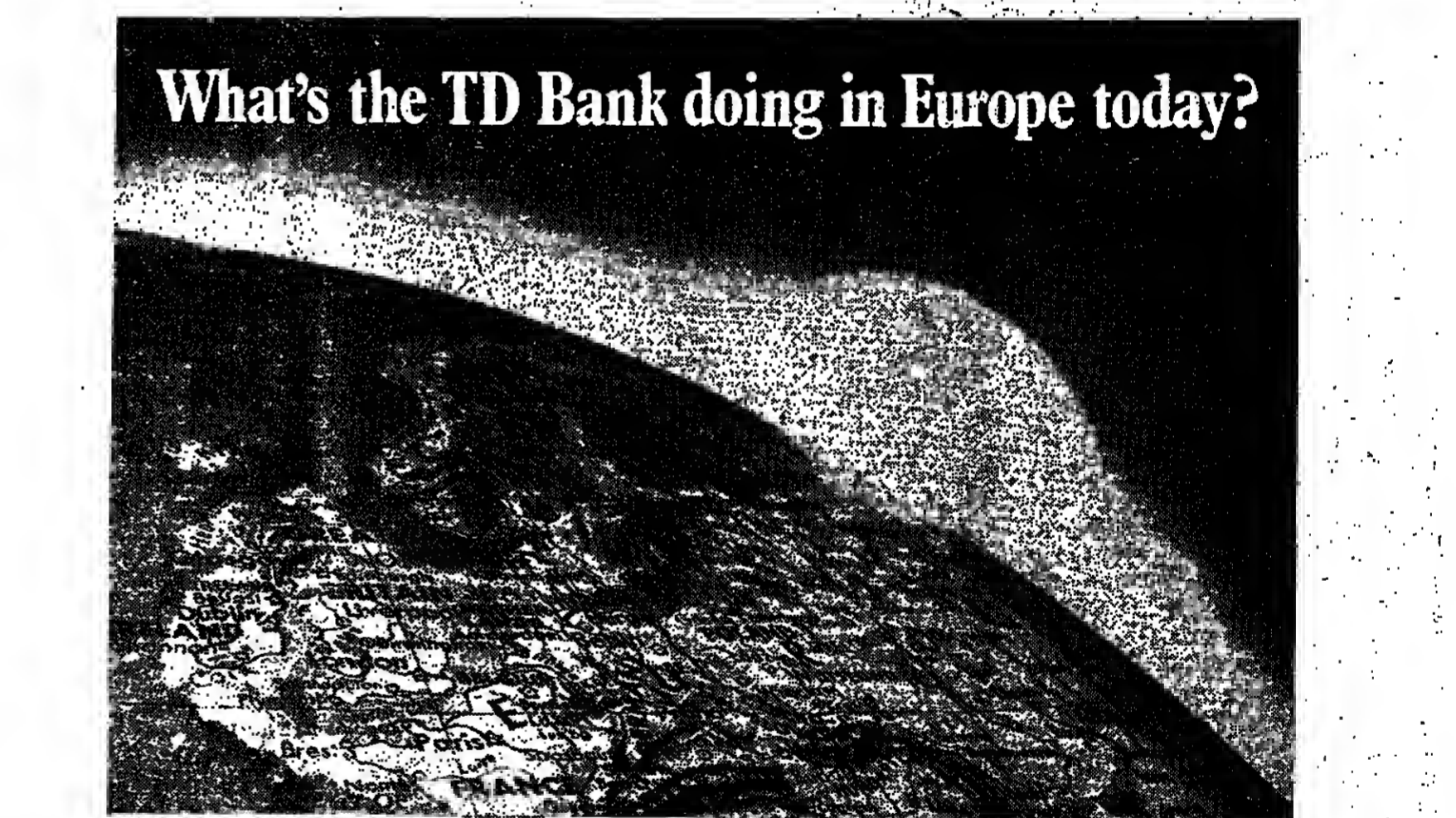
The sole objective of setting up a company pension scheme is to provide an adequate pension for employees during their retirement. No one would disagree with this statement, but everyone has varying ideas on what constitutes adequate. But in general terms it can be summed up as ensuring that no one suffers financial hardship as a result of retirement. This in turn means that the pension paid at retirement needs to be related to salary prior to retirement, and that its value will be preserved.

### Easiest way

What can the employer do about this situation? After all, he is the one who has to make up the shortfall caused by inflation. The easiest way is to throw in his hand and leave the State to make the pension provision. The companies mentioned above have done this. Then all the employer need to do is top up the state provision for the higher paid employees. He can do this without having to guarantee the benefits, so that the employee can, if necessary, bear the inflation burden in place of the employer.

Another alternative being mooted is to get away from the funded concept onto a pay-as-you-go basis, where the employer pays for current pensions out of current income.

This negates the whole concept of funded pension schemes, which was to make them independent of the company's fortunes. Pension could still be paid even if the company went into finance. But more and more U.K. companies are finding the pensions contributions, which have a prior charge on the cash flow, a burden they could well do without. One theory is that if the fortunes of pensioners are directly tied in with the prosperity of the company, then wage claims are likely to be reasonable. This is a question that needs a lot of thought, but under current conditions a compromise is likely to emerge, with part of the pension being backed by assets and the inflation escalation being put on a pay-as-you-go system.



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Computers: the choice for the British Government

BY MAX WILKINSON

Sandilands: a way out

THE FURTHER delay of six months announced by the Inflation Accounting Standards Group before they are prepared to recommend that a current cost statement should even begin to appear as a supplementary statement to company accounts cannot, unfortunately, be taken as a realistic assessment of the delays actually likely to occur.

The scope here for further and well-justified delay hardly needs to be pointed out; it will be something near a miracle if a standard is agreed in time to be implemented on January 1, 1979.

Controversial The reasons for this intolerable situation are all too clear. The Sandilands Committee, for all its valuable spadework, produced a formula which had too much affinity with industrial management accounts and too little to do with the problems caused by the falling value of money, and thus produced a system which has proved highly

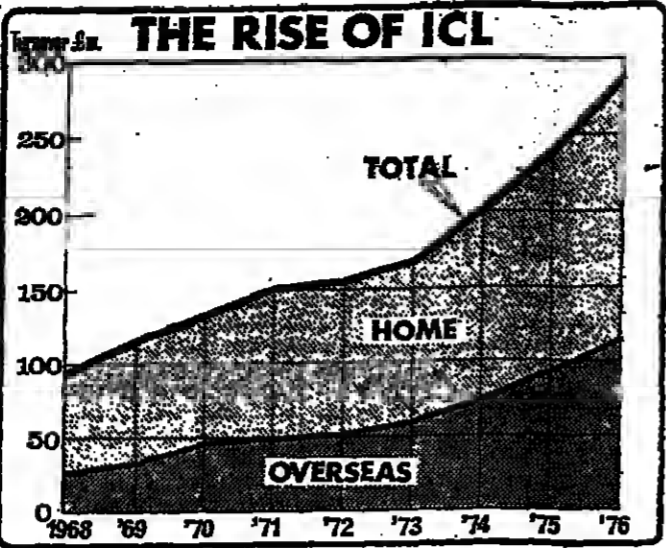
Inadequate demand for capital

LAST WEEK-END the TUC published its written evidence to the committee, under the chairmanship of Sir Harold Wilson, which is reviewing the operation of financial institutions and examining the adequacy of the outside sources of capital available to manufacturing industry.

Two areas So far ECI has succeeded in investing only £1.75m, which together with the weakness of demand at the clearing banks and the fact that Finance for Industry has so far managed to advance only £300m of the special £1bn fund it launched in 1975 and expected to dispose of in about two years—seems to bear out the point made by the chairman of the Pru. But it has had about 100 applications for capital, some of which were unsuitable, some later withdrawn with the rise in the stock market, some passed on to other institutions as being too small for ECI itself.

No evidence Yesterday, by coincidence, annual reports were published by two institutions in the private sector which are especially well qualified to speak on this issue—Prudential Assurance and Equity Capital for Industry. The chairman of the Pru devotes a section of his statement to the whole question of industrial finance. He concedes that the growth of the U.K. economy has tended to lag behind that of other industrialised economies and that industrial investment has been markedly higher in some of these competitive countries.

But he dismisses out of hand the criticism that the financial system has failed to make funds for investment on the necessary scale. There is overwhelming evidence, he maintains, that the relatively low level of investment in this country is due to



THE BRITISH Government must soon make the difficult decision whether to be disallowed by Common wean International Computers Market rules after 1980.

It will be difficult because, since its conception in 1968, ICL's development has been greatly assisted by Government money. Now it has grown up to be the undisputed leader among European computer makers.

Favoured treatment

Secondly, the favoured treatment of one large mainframe company has left large parts of the computer industry outside the circle of Government patronage. Strong arguments are now being advanced that support should be diverted to the more neglected mini-computer companies.

MEN AND MATTERS

London's al-Arab A new daily newspaper starts life to-day, but is not likely to be much of a morale-booster for hard-pressed Fleet Street. It is aimed, unsurprisingly, at Middle East customers and will be the first daily published in Europe in Arabic.

Not Leeds Leeds Permanent Building Society, fourth largest in Britain, was not in any trouble back in 1960, as I inadvertently stated yesterday. In fact, that society is not, and never has been, in any trouble.

Barlow the post Bill Barlow, chairman and chief executive of Ransome Koffmann Pollard, the bearings company put together by the Industrial Reorganisation Corporation in 1968, will take years of experience in conducting mergers to his new post as chairman of the Post Office.

As for potential readership, an average of 40,000 Arabs are in Britain at any one time and anything like twice that in summer. And in Europe the figure rises to the hundreds of thousands. But Arabs, notably nostalgic people, may still prefer to read what the columnists

the merger of the ailing Com-pagnie Internationale pour l'Informatique (CII) with Honeywell-Bull. The merged systems. Inevitably there were complaints and some ill-feeling need for a policy for the whole of Europe.

By contrast, the British Government's investment in ICL appears to have been modest and effective. Shortly after the merger of ICL and English Electric in 1968, ICL embarked on the Herculean task of year on year developing from scratch a completely new computer range, the 2900. This development, which cost £170m, has been compared to the designing of a new airliner. In intellectual terms it is the equivalent of inventing a new algebra.

The Government procurement policy only accounts for about 7 per cent of the company's total business, so that even if the policy were abolished, the company might only lose 2 or 3 per cent of its total sales.

These defects or "bugs" can cause trouble and frustration to the users, but they cannot all be foreseen in advance. Many of them have to be eliminated over a lengthy period by trial and error. ICL's troubles have been no worse than those of other major companies, including IBM, during the early development phase of their modern systems. The difficulty was that ICL was having to market systems with basic defects, while IBM had solved its problems in the early 1960s.



Mr. G. R. Cross, Managing Director of ICL.

Procurement policy

The Government procurement policy only accounts for about 7 per cent of the company's total business, so that even if the policy were abolished, the company might only lose 2 or 3 per cent of its total sales.

COMPUTERS INSTALLED IN BRITISH GOVERNMENT SPHERE

Table showing computers installed in British Government sphere (Mid-1976) across various departments like Burroughs, CDC, HES, IBM, ICL, NCR, Univac, and Others.

Source: EDP Europe Report

Bundesbank shuffle

He won't be there long — but Otmarr Emminger has finally made it to the top of the Bundesbank where to-day he takes over as president from Karl Klasen, who has reached the retirement age of 68.

Emminger has been a director of the Bundesbank and its predecessor the Bank Deutsche Lender for more than a quarter of a century but he is also well known outside Germany, thanks to his special expertise in international monetary affairs, his photographic memory and his active role in international forums like the OECD, the Group of Ten and the EEC monetary committee.

This made him a kind of financial ambassador at large. The man who is following hot on Emminger's heels is Karl Otto Poehl, 18 years his junior, who to-day becomes the new vice-president.

Whether Poehl will, in fact, get the presidency is another matter. He has hardly put a foot wrong in a career which has taken him from economic journalism to the German Banking Federation and thence by a couple of quick hops to the Federal Chancellery and Finance Ministry. But some grumble that his new appointment is political, he is after all a member of the ruling SPD.

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# A changing role for the Think Tank

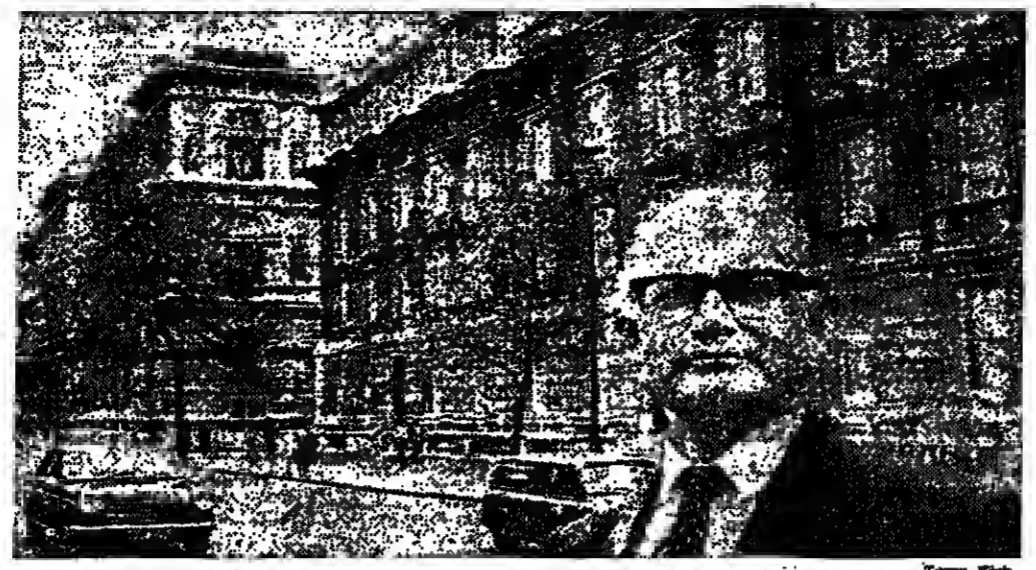
By PETER RIDDELL, Economics Correspondent

THE THINK Tank is at the centre of a fierce controversy over its recently finished report on Britain's overseas representation. However, this row—a classic of its kind in Whitehall with counter-attacks launched against the methods and supposed conclusions of the study even before its completion—has diverted attention from a growing debate about the whole role and purpose of the Think Tank. It has been argued that the Central Policy Review Staff, to give the organisation its correct name, has lost its way and is not fulfilling its original aims.

Mr. Edward Heath, who set up the Think Tank in 1970, criticised the use of which was put by his successors in evidence to a Commons Committee earlier this year. He argued that it should concentrate on monitoring the wider strategy of government rather than undertaking inquiries, for which it was not equipped, into overseas representation or the motor and electrical power industries. Moreover, those ubiquitous critics of Whitehall, Lord Crichton-Brake and Mr. Lord Haines, have both argued that the Think Tank has lost its independence and has been virtually absorbed by the Civil Service machines.

**Illuminating**

The issues are important in view of the hopes in the early 1970s that the Think Tank would help to improve the way in which decisions collectively are taken by Cabinet Ministers. Its success or failure is also illuminating for the wider debate about the structure of the main departments in Whitehall. It is much less easy, however, to draw any clear conclusions about the criticisms by Mr. Heath and others.



Sir Kenneth Berrill: experience of the Whitehall machine.

The problem is that virtually all the Think Tank's work is for internal consumption by Ministers. The overseas representation study will be only the sixth report to be published in over six years—the others covered energy conservation, the need for a joint framework for social policies, the future of the car industry, the heavy electrical industry and population and the social services.

But it is possible to make at least a partial assessment of its work. Its main task is the same as when first established: to provide advice to Ministers collectively which will help them relate their departmental decisions to the Government's general strategy.

The key is the provision of a non-departmental viewpoint for Ministers, either in Cabinet itself or one of its many committees. On this view, the Think Tank helps to offset the departmental orientation of the British system of government by providing what the aficionados like to call a "central competence."

About two-thirds of the unit's work is requested specifically by Ministers or Cabinet Committees. The rest is generated by its own staff. A large part of the work involves the preparation of collective briefs—about 50 each year—where the aim is to try to ensure that Ministers look at the right questions rather than necessarily to try to provide the right answers. In addition, there are two or three major studies under way at any time, and a continuous involvement in programmes analysis and review, the regular assessment of the effectiveness of particular departmental activities, and in the annual public spending cycle. There is also a special role on scientific and technological matters, reflected in the appointment of a Chief Scientist last year.

But while the broad aims, work and structure of the Think Tank are the same as when it was set up under Lord Rothschild as its first head, there are important differences. The most obvious is that the Think Tank and its head no longer act as so much of a direct personal adviser to the Prime Minister. During Mr. Heath's administration, Lord Rothschild did have that role, and the Think Tank is credited with being particularly influential in bringing about the change of attitude on incomes policy in 1972 and in persuading Mr. Heath to open tripartite talks with the TUC and CBI.

This all changed following the return of Harold Wilson in March, 1974. He established a Policy Unit in Number 10

Think Tank may be the right inter-disciplinary body to provoke thought on population policy, it does not have the competence to pronounce on the car or power plant sectors. Indeed it has had to contract some work to outside consultants. On the face of it, this appears to run against the whole reason for a Think Tank within Government. The explanation is that consultants have been used to looking at the overseas markets both because of a tight deadline for the reports and the small size of the unit's teams.

The report on overseas representation, which was entirely carried out in-house, raises rather wider issues. Leaving aside the merits or flaws in the report itself, it does appear to be rather too big a piece of work for such a small unit to do. It tied up a third of the staff for about a year—more people over a longer period than with any other major study. Consequently there might now be a reluctance to take on such a large task in the future—even if it were offered.

All these changes—the demise both of the role as Prime Ministerial adviser and of the half-yearly strategy reviews as well as the increased number of longer-term studies—were, of course, the result of decisions by politicians. The Think Tank is after all pre-eminently what the Cabinet of the day wants it to be. But this still leaves the underlying question whether it is any longer the independent voice and challenger of conventional wisdom—the "grit in the oyster"—which many hoped it would be. This, of course, enters the world of Whitehall gossip and unprovable assertion, but there are at least doubts now about whether the light may

have dimmed even if these doubts might not be shared by those diplomats angry about certain aspects of the overseas representation report.

At one level there is the contrast between Lord Rothschild and Sir Kenneth Berrill, who took over in October 1974. Lord Rothschild was seen as very much the aristocratic outsider with a long career of original scientific work behind him and a boomeranging independent temperament. He was noted for putting the Think Tank on the map through his personal relationship with Mr. Heath and his frequent warnings about the impending energy crisis, well before October, 1973.

**No mandarin**

Sir Kenneth is seen as more of the insider with long experience of the Whitehall machine. But he is hardly the conventional mandarin, an expert from a short spell after the war, he spent almost all the period up to 1967 as an economist and administrator at Cambridge; after that he served as chairman of the University Grants Committee, and, ultimately, as Chief Economic Adviser in the Treasury. Sir Kenneth appears to be generally regarded by Whitehall as an adept operator within the machine and within the Cabinet Office framework rather than as an independent force, pushing against the grain.

This approach should not be dismissed, even if its results are less apparent than those of a more assertive style. Moreover, review meetings have been dropped, the Think Tank is still carrying out major strategy studies. The newly published report on population and social services—suggesting a greater

This does not remove the need for an inter-departmental voice both on these issues and on public spending where the Think Tank is involved from the start of the annual cycle in the early spring. It prepares papers on background assumptions and on medium-term prospects, and later on is involved in the discussions about setting the detailed priorities. But the Treasury voice still seems very much the most powerful.

But as Sir Kenneth himself has pointed out, the success of the Think Tank can only really be judged by Ministers, who are both the unit's public and its clients, and they have kept it in being and given it more work to do. Even if the Think Tank has not turned out to be as creative a force as was, perhaps far too optimistically hoped, it is still there—performing an apparently useful role, trying to widen the perspective of decision-making in Whitehall.

## Letters to the Editor

**Floating rate bonds**

From Lord Camys.

Sir—At long last the floating rate Government Bond is to be launched. To many, it is regrettable that more than a year has elapsed since the concept was first seriously discussed. What a difference it would have made to the Treasury's servicing cost if the new bond had been launched last autumn instead of the £2bn. plus of Gilts that were issued at the bottom of the bear market. Instead, the new issue is to be made at a time when there are indications of rising interest rates and falling gilt-edged prices.

What did the authorities gain by their 12 month study of the floating rate concept and the consequential delay? Not much sophistication. The new Bond is bland, uninteresting, and unattractive. Floating rate bonds have been very popular in the Euro-Markets, largely because of creative marketing. Early redemption possibilities, minimum coupons, variable margin rates, have been combined to entice investors and borrowers. The U.K. Government has eschewed such techniques. The interest rate payable, fixed at six monthly intervals, is to be a simple average of Treasury Bill rates over preceding six months. The historical record of straight floating rate notes with no added features is unencouraging. In U.S., other than a brief popularity in 1974, floaters have been a failure.

**Post Office services**

From the Director, Public Relations Office

Sir—Never in its history has the Post Office said that second class mail might have to be delivered by second post. Our aim is that first class mail should be delivered the day after posting and second class within two days after that. If Mr. Campion (May 25) believes that the Post Office employs delayers, he will believe anything.

More than 93 per cent of first class letters and more than 90 per cent of second class letters are being delivered in accordance with our aims. If Mr. Campion's personal experience is not in line with that we shall be pleased to investigate if he will let us have the envelopes and a note of the date on the letters inside.

**Accountancy standards**

J. Wakeham, MP.

Mr. Ian Hay Davison's own profession is dangerous. He interviews his clients with two matters which are dealt with separately: the accounts of quoted companies are primarily the duty of their directors. The priority of short-termists' accounts can be laid at the directors' door. There is a problem here with more disclosure in the Securities and Commission lines. Most of the public companies are in support.

**The threshold of VAT**

From Mr. A. Jacobs.

Sir—May I as an economic and taxation adviser to the Liberal Party, and the proposer of the amendment to raise the threshold of VAT to £9,600, reply to the letter of Nigel Lawson, MP, of May 30?

The original change that we wished to make was for the VAT threshold to be raised to £20,000 as there is conclusive evidence that not only is the revenue lost but the compliance costs for small businesses are truly horrible, that is, under this proposal in retail distribution more than 120,000 traders would no longer be liable for VAT and the estimated Customs and Excise costs and the traders own compliance costs exceed Government revenue by about £11m. Until very recently, of course, the Government has completely ignored compliance costs.

Now the figure was reduced to £9,600 because under the rules of harmonisation with EEC this would be the correct figure for threshold to be valued. We certainly believed it likely that the Government

would agree to this very reasonable proposal, but unfortunately in the ensuing discussions with the Government over the abolition of the additional petrol tax, John Pardee found it was necessary to make this concession and to agree to limit the increase of the threshold to just £7,500 in the confident expectation that it will be raised to the full value of £9,600 in the next budget. I cannot recall that even the Conservatives, when in power, made any effort whatsoever to raise the VAT thresholds.

I must add that this is only part of a number of amendments to the Finance Bill which the Liberals are talking to assist small businesses. We are seeking to have the threshold for "shortfall" raised from £5,000 to £40,000 so that small businesses shall not be obliged to pay unnecessary dividends which are entirely consumed by tax and must instead maintain adequate financial reserves. "Shortfall" rules cause a great deal of worry to those running small businesses and are of concern to some tax inspectors.

**Valuing a house**

From Mr. L. Collett.

Sir—I doubt if Mr. Cadwallader (May 27) has had six "valuations" (has he paid six fees?) but allowing that the so-called "valuations" are probably no more than expressions of opinion from agents seeking business, they seem remarkably consistent if they vary by only £4,000.

**Trinity House survival**

From Mr. J. Evans.

Sir—As a licensed marine pilot I read with great interest the article (May 15) describing the Trinity House plan to appoint additional pilots to its Board. But the article in stating that there is a proposal to establish a Central Pilotage Board to accept authority for all U.K. pilotage does not accurately describe the Government's intentions. According to the Pilotage Act 1913 the Government already exercises supreme control over U.K. pilotage through the Secretary of State for Trade who is in fact the central pilotage authority. The actual operation of the pilotage system is in the hands of subordinate local pilotage authorities, of which Trinity House is only one of many.

**AA breakdown services**

From Mr. R. Campion.

Sir—The article on the Automobile Association (May 25) was most welcome.

I, like many members of the association remain in membership almost exclusively for the assurance that we shall be able to get skilled attention if we suffer a breakdown particularly at weekends. It is not our fear of the cost of the breakdown service that keeps us in the AA but the fear of not getting any service at all.

Other services are negligible and I have in any case asked the AA to refrain from sending me "special offers" that cost me nothing assuming I remember to send them back within ten days or whatever. I have not even had a members' handbook for some years.

The subscription has been rising sharply recently as your table shows. It is not our prudent motorists, I maintain my cars carefully and I have not had to call on the breakdown service for some fifteen years. But 2.5m. calls were made last year on the breakdown service and I am beginning to feel that the careful low mileage motorist is subsidising his less careful or high mileage colleagues.

There are two solutions. A basic subscription of say £4 a year with a charge each time a call is made on the breakdown

## To-day's Events

**GENERAL**

National Economic Development Council considers prospects for increased industrial investment in manufacturing industry.

Investment intentions of manufacturing, distributive and service industries (1977 and 1978) published by Department of Industry.

New York and New Jersey Port Authority appeals against recent ruling that Concorde must be allowed into Kennedy Airport on trial basis decreed by federal Government.

International Monetary Fund monthly gold auction, Washington.

North-South Dialogue between industrialised and developing nations ends, Paris.

Mass meeting of British Airways maintenance engineering staff considers whether to resume their ban on night and weekend duties over staff pay claim.

Iron and Steel Trades Confederation conference debates economic situation, Scarborough.

Financial Times two-day conference, World Aerospace in 1977, ends, Paris.

Speed limits imposed for fuel economy in 1974 lifted from today, but new limit of 60 mph now applies on unmarked single carriage roads. Upper limit remains 70 mph.

Under Section 28 of the Companies Act 1976, now in force, directors and other company officers who are persistently late in filing statutory returns with the Registrar of Companies may be disqualified as directors or managers.

**COMPANY RESULTS**

East Midlands Allied Press (full year).

**COMPANY MEETINGS**

Clarka Nickolls and Coombs, 11, Abercorn Rooms, E.C. 12, Dreamland Electrical Appliances, Great Newman, Great Eastern Hotel, E.C. 12, European Ferries, Winchester House, E.C. 11, Guardian Royal Exchange Assurance, 20, Aldermanbury, E.C. 12, Haden Carrier, 731, Tavistock Square, W.C. 11.30, Hestair, Hyde Park Hotel, S.W. 12, Lowland Drapery Glasgow, 12.15, Metal Closures Inn on the Park, W. 12, Nathan (B. and L.), Abercorn Rooms, E.C. 12, Patis, Pinner Hotel, 12, Sanderson Kayser, Sheffield, 12, Southern Construction, Ports mouth, 12, Stag Furniture, Nottingham, 12, Team Consultancy, Law rence Road, N. 12, United King dom Provident, Salisbury, 12, Wight Construction, Edinburgh, 11.

**SPORT**

Horse racing: The Derby, Epsom, Sussex; Epsom International, Scotland; Northern Ireland, Hamp den Park, 3 p.m. Golf: Amateur championships, Ganton, Scar borough. Tennis: Manchester tournament; Beckenham tournament.

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# COMPANY NEWS + COMMENT

## ISSUE NEWS AND COMMENT

## DIVIDENDS ANNOUNCED

### UKO Int. achieves forecast with £4.17m.

SALES UP 20 per cent, to £33.74m. and pre-tax profit ahead by 26 per cent, to a record £4.17m.—£4.1m. was forecast—is announced by UKO International for the year ended March 31, 1977. At half-way profit was £1.8m. (£1.42m.).

Also announced, dividend total is 8p net per 25p share (4.2p), with a final of 3.53p—Treasury permission has been granted. Stated earnings per share are 18.4p (12.7p) before extraordinary items and 17.9p after.

The company, formerly U.K. Optical and Industrial Holdings, claims to be the world's second largest manufacturer of ophthalmic glass lenses and a leading supplier of spectacle frames. It also supplies kitchen equipment to the hotel and catering trades.

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### Rising trend at Reo Stakis

The expected first half (to April 3, 1977) improvement in pre-tax profit at the Reo Stakis Organisation turns out to be from £0.22m. to £0.46m. Mr. Reo Stakis, chairman, reports that April profit was higher and he is hopeful that this trend will continue over the peak summer period.

Stated earnings per top share are 1.03p (0.51p) and the net interim dividend is kept at 0.258p. The maximum dividend total is anticipated. Dividend total is previous year was 0.921p and profits £1.25m., a record.

Bookmakers for £600,000, retaining the heritable property of eight of the offices. The transaction was completed on May 9.

**comment**

The doubling of interim profits at Reo Stakis is primarily due to loss elimination at Champion Fixed Odds. Elsewhere in the group the trading background has suffered from the drop in its possible incomes. The hotel and catering side for example showed a 19 per cent increase in turnover but most of this rise was due to the new off-sales operation and the catering side in particular had a pretty thin time of it. But the strength of Stakis is its willingness to adapt to the changing trends in leisure; the move into off-sales and food franchising are examples of this. And now that the betting shops have been sold, the shape of the group is significantly different to what it was only a year ago. The prospects for the second half look reasonably good while more substantial progress could be made in 1978 if incomes recover.

### Elson & Robbins ahead 17%

TAXABLE profit grew 17.5 per cent, to £0.76m. for Elson and Robbins in the six months to March 31, 1977. Sales were 28 per cent better at £8.54m.

Sales of all group companies increased. As expected the major growth came from the Domestic Industrial Pressings subsidiary resultant from its entry into the Premier heater for the liquid petroleum gas market, says Mr. Eric Keeling, the chairman. The directors have approved a further expansion programme

and three more heating appliances will be introduced during 1977. As a result of the continued growth in sales record levels in both sales and profits are expected for the current year, he adds.

Stated earnings per 25p share were up from 4.61p to 5.54p and the net interim dividend is raised to 1.31p (1.1p), absorbing £79,860 (£72,860). Last year payments totalling 2,503p were paid from profit of £1.4m.

The company also has interests in PVC foam, spring units, ventilating products and partitioning.

### Norwest Holst peak £2.87m.

DESPITE A second half downturn of £0.75m. to £1.24m. civil engineers and building contractors, Norwest Holst achieved record taxable profits for 1976 of £2.87m. against £2.46m. At mid-way, when profit was ahead from £0.44m. to £1.63m., the directors forecast similar second half results to the first half.

Turnover for the year was ahead at £70.5m. (£66.19m.). Basic earnings per 25p share are stated as 17.9p (8.9p) and fully diluted 14.7p (7.9p). The dividend is stepped up to 4.06p (2.525p) with a net final of 2.792p.

Nat. prof. emerged as £10.2m. (£10.1m.) after tax of £1.85m. (£1.45m.).

There was an extraordinary dividend of £940,000 which included £577,000 of goodwill written off on the acquisition of subsidiaries during the year, compared with a credit of £130,000 after a goodwill write off which amounted to £13,000.

### comment

Norwest Holst has comfortably beaten its interim forecast and topped its previous year's pre-tax level by 51 per cent. But this is after a 99 per cent drop in interest charges, and the trading performance—virtually unchanged—is far less impressive, despite a first-time contribution, worth maybe £0.2m., from the newly acquired F. C. Construction. The housebuilding side must have been depressed throughout most of last year and the effects of Government spending must now be cutting into order books. That said, though, the group's current year outlook is brighter than most. A full year of F. C. Construction should add at least another £300,000 to profits and, with cash equal to around 89 per cent of current shareholders' funds, the group is well-equipped to increase activity if an upturn should occur. The shares at 71p are on a fully diluted p/e of 4.7 and yield of 3.1 per cent, which is above the construction average.

### BSG £2.8m. rights: convertible changes

BSG International intends to raise £2.8m. by a rights issue, and to further strengthen its asset base by an additional £3.4m. by a proposal to convertible holders to swap half their holdings into Ordinary shares.

The rights issue is of 12.0m. 10p shares on a one-for-four basis at 23p each. Convertible holders will be offered 481 shares for every £100 of stock. Underwriting is by Samuel Montagu and brokers are Sheppards and Chaso and Smith Keen.

The proposal to convertible holders is that one-half of their holdings be immediately converted into ordinary shares on the basis of 310 shares for £100 of stock and the other half into shares of £1.00 each.

Then the conversion rights on the remaining stock will be increased to 210 shares per £100 of stock and the conversion rate increased to 124 per cent from July 1, 1977.

The rights issue is being made to enable the group to counteract the inevitable pressures on working capital which particular reference to stockholding levels in its manufacturing subsidiaries.

At December 31, 1976, the group had debt of £34.2m. and net tangible assets of £14m. Once the rights issue and convertible swap these figures will become £28m. and £16.6m. respectively.

In his review for the current year the chairman, Mr. H. G. Cressman, states that a satisfactory start has been made with profits marginally higher than the first quarter of the comparable year.

The Board is forecasting dividends this year of 2.1p net against 1.625p for 1976. Treasury permission has been granted.

An extraordinary meeting of shareholders and stockholders is called for June 24, 1977, immediately after the annual meeting, to consider the company's proposals.

### Dutton-Forsaw

Dutton-Forsaw Group, the national British Leyland motor distributor and the world's largest distributor of Rolls-Royce cars through its Jack Barclay subsidiary, is proposing to raise £1.96m. by a two-for-five rights issue at 99c per 25p share.

Proceeds of the offer, which is underwritten by the Industrial and Commercial Finance Corporation, will be used for further expansion both at home and abroad and to maintain a suitable balance between permanent long-term and short-term funds.

The directors intend to reconvert total dividends for 1977 of 4.25p gross, net at the current rate of 2.7925p net against 2.54p for 1976.

An egm is called for June 18, immediately after the annual meeting, to consider an increase in the authorised capital.

Brokers are Sheppards and Chase and Rensburg.

### Camford 1-for-3

Camford Engineering is proposing its second rights issue in just over two years. The current issue is of 4.11m. Ordinary shares at 42p each on the basis of one-for-three to raise about £1.7m.

Camford has recently negotiated a number of large contracts to supply commercial and specialised vehicle components to major manufacturers. These contracts require expenditure on new plant of around £3m. over the next two years for which necessary finance has been arranged.

The Board considers that it should raise further funds to finance further contracts when they arise.

Turnover for the half year to March 31, 1977, is up from £3.95m. to £12.17m. and pre-tax profits are 19 per cent higher at £708,000 before tax of £389,000. The interim dividend is 1.34p net equal to 2.06p gross.

A forecast of not less than £1m. (£1.27m.) pre-tax is made for the year and the directors indicate a total gross dividend of 4.5p for the year, an increase of 10 per cent over the 5.15p paid for last year.

The issue is underwritten. An egm is called for June 17.

Company	Current payment	Date	Corre. payment	Total for year
Archimedes Inv.	1.25	July 22	Nil	5.83
Percy Bilton	3.34	—	—	4.18
Cambridge and General	1.25	July 1	0.81	—
Securities	1.18	Aug. 11	1.18	—
Charterhouse Group Int.	1.21	July 29	2.31	4.27
Elson & Robbins	2.77	—	1.88	2.4
Hill Samuel	—	—	0.36	—
Century Oils	0.62	July 15	—	—
Jenks & Cattell	1.25	July 15	—	—
Reid Intal.	1.9	—	1.06	2.04
Kilgill Thos	1.26	July 1	1.1	—
L. K. Ind. Inv.	1.3	July 19	1.46	2.56
N. J. Mills	0.6	—	0.3	—
Normand Electrical	0.6	—	—	—
N. British Steel	1	Aug. 26	1	—
Northern Foods	2.76	July 27	2.53	4.08
Norwest Holst	0.42	July 20	0.54	0.25
Oceana Trust	7.04	July 16	5.12	18.07
Reed Intal.	0.27	Sept. 13	0.27	—
Reo Stakis	0.23	Aug. 12	2.5	8.0
UKO Int.	0.27	June 30	1.1	—
W'hampton Breweries Int.	1.7	July 11	0.33	—
York & Lancs. Trust Int.	0.4	—	—	—

### Mid. Southern Pref.

Brokers Seymour Pierce have completed arrangements for a £5m. offer for sale by tender of 5m. 8p per share, or on the basis of 8 per cent. Redeemable Preference Stock 1983 in the Mid Southern Water Company at a price of 59p per cent.

Tenders, which must be accompanied by a deposit of £10 per cent, should be received by 10.30 a.m. on Thursday, June 2. The balance of the purchase money will be payable on or before June 30. Tenders must be for a minimum of £100 of stock.

The first dividend covering the period from June 0 to December 31 and amounting to £0.466 per cent net will be payable on January 2, 1978. Thereafter dividends will be payable half-yearly on July 1 and January 2. The stock matures at par on June 30, 1982.

### Warne Wright £1m. offer

Engineering group Warne Wright and Rowland is proposing to raise £1.04m. by a one-for-two rights issue at 33p per share in order to finance working capital requirements and the purchase of new machinery principally to improve production in the drop forge units.

In the context of the rights issue Treasury permission has been granted for a gross dividend of 1.2m. shares at 30 per cent of £3.391p.

Dealings in the new shares are expected to start on June 3.

On prospects for 1977, the chairman, Group Captain J. E. Cecil-Wright, states that he expects a record amount of sales, especially to those customers in the home market who are concentrating on overseas sales.

The issue is underwritten by Hill Samuel and brokers are Joseph Sebag.

### Aurora £1m. cash call

Underwriting has been completed for a rights issue by Aurora Holdings to raise £1.05m. on the basis of one new 25p share for every four held at 80p each. Convertible holders are offered 19.23 new shares for every £100 of stock.

Net proceeds will be used to implement substantial capital expenditure during the current year.

Trading in the current year remains satisfactory and the directors anticipate a further improve-

### Yearlings rise to 9 3/4%

The coupon rate on this week's issue of local authority yearling bonds has moved upwards to 9 3/4 per cent, against 9 1/2 per cent last week. The bonds are due on June 7, 1978 at par.

This week's issues are: City of Dundee District Council (£1m.), Dundee District Council (£1m.), Metropolitan Borough of Sandwell (£1m.), Copeland Borough Council (£1m.), Strathclyde Regional Council (£1m.), London Borough of Wandsworth (£1m.), Salisbury District Council (£1m.), Inverness District Council (£1m.), Lochaber District Council (£1m.), City of Manchester District Council (£1m.), Cumbernauld and Kilsyth District Council (£1m.), Rochford District Council (£1m.), Amber Valley District Council (£1m.), Wole Valley District Council (£1m.), Havant Borough Council (£1m.), Inverness District Council (£1m.), Newbury District Council (£1m.), Northamptonshire County Council (£1m.), Oldham Metropolitan District Council (£1m.), Plymouth City Council (£1m.), Borough of Sunderland (£1m.).

Two-year bonds are issued this week at 10 1/2 per cent, against 10 1/4 per cent last week at par and due on May 30, 1979. The issues are Sedgemoor District Council (£1m.), Ipswich Borough Council (£1m.), City of Manchester (£1m.), and Kyles Carrick District Council (£1m.).

Borough Council (£1m.), Borough of Ipswich (£1m.), Mid Bedfordshire District Council (£1m.).

Three-year bonds carry a coupon of 12 1/2 per cent this week against 11 1/2 per cent last week. The issues are North Bedfordshire District Council (£1m.), Kettering Borough Council (£1m.), and Rochford District Council (£1m.). The Bonds are issued at par and mature on May 28, 1980.

# Prudential

## Chairman reports on Group Expansion

The following are extracts from the Annual Statement for 1976 of R. H. Owen, Chairman.

In the year under review group profits available for distribution, at £24.4m. showed an increase of 36 per cent, and your Directors have indicated their intention that shareholders should receive a gross dividend for the year of 9.16p per share, an increase of 10 per cent.

**Spread of activities** Over recent years a gradual but important change has been brought about in the structure of our business. The Prudential Group of companies, as it has now developed, has a much greater spread of activities across virtually the whole range of business in the insurance market, both at home and internationally. In addition to its traditional areas of strength, the life business of the Prudential Group now includes important contributions from its group pension business, from the top end of the market for individuals (sold through insurance brokers), and from reinsurance business, as well as a small but growing amount of life business sold in Europe.

Our general insurance business now has a premium income 8 times that of a decade ago, of which some two-thirds originates overseas and includes an important element of reinsurance business.

**Financing Industry** It has been suggested that the financial system has failed to make funds available which would have enabled our industry to invest on a scale more comparable with that achieved in some other leading industrial countries. The evidence, however, is overwhelming that the low levels of investment reflect industry's unwillingness to invest more, caused by a low level of confidence in its being able to utilise additional plant fully and profitably. There is no evidence that when well run and profitable companies wish to raise money in order to finance the expansion and modernisation of plant they have been unable to do so.

There is much evidence that nationalisation of the leading insurance companies would be most unwelcome to the public and against the wishes of the bulk of their staffs. Great damage would be done to the industry's ability to earn foreign currency from its overseas operations.

**Bullock Report** Anything remotely resembling the Bullock majority proposals could not fail to generate disturbance and confrontation in the absence of general acceptance by all those involved in industry which patently does not exist at present, and would be bound to have an adverse effect on confidence.

**Occupational Pensions** The proposal to achieve member participation in scheme management through legislation rather than through a code of good practice is controversial and the proposal to give trade unions the right to appoint 50 per cent of the members of all bodies concerned with the general management of schemes, including the trustees, is objectionable. It seems to us that any provisions which might be implemented should be such as to allow companies and scheme members considerable freedom to devise arrangements best suited to their own particular schemes and needs.

### 1976 Progress Report for the Prudential Group

**Life Assurance** New Ordinary Branch annual premium income amounted to £92m, while single premiums and considerations totalled £67m. The annual premium income in force at the end of 1976 was £395m (£320m in 1975). There was further substantial progress in group pension business.

In the Industrial Branch the new annual premium income was £30m while the annual premium income in force at the end of 1976 was £144m (£129m in 1975).

**Bonus Declaration** Increases in both reversionary and terminal bonuses have been declared for United Kingdom Ordinary Branch policies, reflecting the continued improvement in the return on our investments. In the Industrial Branch this improvement has enabled terminal bonus to be increased.

**General Insurance** Premium income amounted to £322m, an increase of £88m over 1975. The net surplus for the year was £6.3m compared with £3.3m.

**Investments** A major proportion of the year's new funds arising in the United Kingdom were applied to the purchase of gilt-edged securities. We continued to play our part in providing underwriting support for new equity issues, and a significant element of the new investment by the Company in ordinary shares was through taking up our share of rights issues. The funds assigned to property largely represented commitments on major office and shop developments begun in earlier years.

# PARKLAND TEXTILE (HOLDINGS) LTD.

## PRELIMINARY ANNOUNCEMENT OF RESULTS FOR YEAR ENDED 4TH MARCH 1977 RECORD TURNOVER AND PROFIT

	1977	1976
	£000's	£000's
• TURNOVER	23,972	17,159
• PROFIT BEFORE TAX	1,814	33
• EARNINGS PER SHARE (p)	17.39	0.22
• DIVIDENDS PER SHARE (p)	2.84	0.85

- ★ EXPORTS UP BY 48%
- ★ CURRENT PRODUCTION ON TARGET
- ★ ORDER BOOKS AT SATISFACTORY LEVEL
- ★ PROPOSED INCREASE IN CAPITAL EXPENDITURE
- ★ FUTURE PROSPECTS ARE VERY GOOD BUT DEPEND UPON A STRONG HOME MARKET. THIS EMPHASISES THE IMPORTANCE OF THE CURRENT DISCUSSIONS ON THE MULTI FIBRE ARRANGEMENT AND GOVERNMENT AWARENESS OF THE NEED FOR CONTINUAL SURVEILLANCE OF CHEAP TEXTILE AND CLOTHING IMPORTS.

A copy of the full Statement is available from: The Prudential Assurance Company Limited, 142 Holborn Bars.



Bilton ah £5.2m.

Re Int Limit



# Bilton ahead to £5.2m.

**AFTER MAKING** a provision for the year ended 31st March 1977, Bilton's profit has risen to £5.2m. The company, which is engaged in the production of engineering components, showed an improvement from £3.6m in 1976 to £5.2m in 1977, on a turnover of £26.6m to £30.1m.

When reporting first half profits of £2.2m to £2.8m, the directors said that they were confident that results for the second half would be as good as those of the first.

After tax of £2.2m, the year's net profit amounted to £2.8m, against £2.0m in 1976. The dividend is raised from 4.0218p to 5.88p, with a final of 5.88p.

The dividend is as a result of the time of the acquisition of the industrial premises from Lawson Industries Ltd. The capital is enhanced by the purchase and has a 7 per cent. The directors point out that the tax provision for 1977 included allowances which have since been found to be incorrect. The charge for that year had been increased from £225,000 to £225,000, into reduced by an equivalent amount.

# Northern Foods climbs to £7m.

**FURTHER ADVANCE** is reported by Northern Foods with taxable profits expected from £5.4m to a record of £7.0m for the six months to March 31, 1977. Sales were up from £28.5m to £31.0m.

The directors say that profits in the second half should show an increase. Cash flow remains strong with short-term investments contributing to an increase in group income. The company is continuing to invest substantially in the second half of the year. Term benefits to the group, they add.

Stated earnings per 25p improved to 4.47p (3.8p) and the net interim dividend is maintained at 1p. Last year's payments totalling 4.7p were paid from profit of £15.1m.

Half-year 1976-77  
 1975-76  
 Sales 31,000 28,500  
 Net profit 7,000 5,400  
 Dividend 1,000 1,000  
 Retained 6,000 4,400  
 Earnings per share 4.47 3.80  
 Dividend per share 1.00 1.00

Profits of British Credit Trust, for the year to 31st March, are particularly on the milk side, in the food and drink divisions was offset by increased efficiency and further rationalisation. The overall level of profit has been satisfactory says Mr. Nicholas Forster, the chairman.

Since the end of the half-year the company has increased its shareholding in F&W's Biscuits to 42 per cent, and made an offer for the whole of the remaining capital.

## Growth by A. J. Mills

**ON SALES** shed from £25.8m to £28.2m, food importers and distributors A. J. Mills (Holdings) improved pre-tax profit by £102,841 to £428,734 in the half year ended April 30, 1977.

Mr. Alan Mills, the chairman, says he confidently expects the growth trend to continue during the normally more profitable summer months.

Stated earnings per 25p share were up from 4.3p to 5.7p and the net interim dividend is lifted to 1.3p (1.1p) absorbing £47,026 (40,744). The directors intend to increase the dividend for the year by the maximum permitted.

Last year payments totalling 2.73p were paid from profit of £1.88m.

For the six months tax took £172,580 (£228,000) leaving an attributable profit of £256,154 (£187,734).

## Dimplex calls in Receiver

**A Receiver** has been called into Dimplex Industries, electrical appliances manufacturer, by Midland Bank at the request of the group's directors.

Earlier yesterday the Board requested a suspension of the Dimplex share price at 9p, where the group is capitalised at £1.8m, pending clarification of its position.

Dimplex incurred heavy losses in the two years up to March 31, 1976, following the collapse of the U.K. night storage heater market on the back of soaring electricity prices.

In December, Dimplex announced first-half losses of October 15 of £12,000, marginally higher than the £98,000 of the corresponding period in 1975, but the directors said that while no forecast was possible they were confident of a second-half profit.

## HAT ACQUISITION

**HAT Group**, in a further expansion of its merchandising division, has acquired from Ellis Sykes and Son the plumbing and heating merchants section of their business which was hitherto carried on at Macclesfield and Stockport.

HAT will carry on the business under the name of James Chew and Co. from May 30 from the Macclesfield depot alone, but still serving the Stockport area.

The cash consideration is equivalent to asset value and will be in the region of £100,000.

# If the Master Stockholder can't supply it, chances are no one can.

TI Markland—The Master Stockholder—is the tube buyer's department store... each "floor" crammed with all kinds of tube and fittings. In a terrific range of sizes.

In vast quantities. Under one roof. Instantly available. At keen prices. Delivery? That matches up to everything else in the store.

We're a big company—the largest tube stockholder in the UK—and we've an uncommonly efficient distribution network. (Being handily placed for the motorway network helps too). So we can usually supply what you want, when and where you want it.

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Carbon and alloy steel tube. BS 1387 Gas List. Carbon steel fittings, flanges and valves. Hollow sections. Stainless steel tube, pipe and fittings. Plastic pipe and fittings.

TI Markland Ltd, (formerly Markland + England Ltd), Bromley Cross, Bolton BL7 9PB, Lancs. Telephone: Bolton (0204) 549111 Telex: 63466 Pipeline and Mechanical Tube Department, P.O. Box 11, Ince, Near, Wigan, Lancs. Telephone: Bolton (0204) 549111 Telex: 67605.

## COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amount specified for the financial years ending on the specified dates:

Tricentrol Ltd.	London EC2	£42,084	31.12.76
Spear & Jackson	Leeds	£206,183	29.1.77
International Ltd.	Sheffield	£603,324	1.1.77
The Gieves Group Ltd.	London W1	£272,370	31.1.77
Laporte Industries (Holdings) Ltd.	London W1	£3,071,129	2.1.77
British Home Stores Ltd.	London NW1	£8,222,723	2.4.77
The Millford Oocks Company.	London WC1	£32,160	31.12.76
Kwik-Fit (Tyres and Exhausts) Holdings Ltd.	Birmingham	£134,441	28.2.77
Viners Ltd.	Sheffield	£18,500	31.12.76
More O'Ferrall Ltd.	London W1	£19,135	31.12.76
FPA Construction Group Ltd.	Sheffield	£136,975	31.12.76
The Ouzon-Forshaw Group Ltd.	London SW1	£614,455	31.12.76
Sellcourt Ltd.	London NW1	£609,889	31.1.77
Toys & Company Ltd.	London WC2	£28,106	31.12.76
William Mallinson & Denny	London E2	£1,875,572	31.12.76
Mott Ltd.	Richmond HM	£245,526	31.12.76
French Kier Holdings Ltd.	London E9	£1,245,370	30.1.77
Lesney Products & Co. Ltd.	London W1	£1,712,687	31.12.76
Dunbee-Combes-Marx Ltd.	Hastings	£1,197,031	31.12.76
Orrison Ltd.	London WC1	£1,722,089	31.12.76
BICC Ltd.			
Hunting Associated Industries Ltd.	London W1	£211,869	31.12.76
C F Heath & Co. Ltd.	London EC3	£1,921,917	31.3.77

Published by the Treasury as required by the above Act

# Reed International Limited

## Preliminary Consolidated Profit Statement for year ended 31st March 1977

3 Months Ended		Year Ended	
31.3.76	31.3.77	31.3.77	31.3.76
£ million			
291.0	420.7	1488.4	1063.6
168.2	220.8	797.8	647.2
122.8	198.9	690.8	416.4
<b>SALES</b>			
United Kingdom and Exports			
Overseas			
<b>OPERATING PROFIT</b>			
United Kingdom			
Overseas			
(6.4)	(9.0)	(35.4)	(24.1)
<b>INTEREST</b>			
10.6	20.3	74.6	37.4
8.6	10.7	40.4	21.9
3.8	6.3	20.8	9.3
4.7	4.4	19.6	12.6
<b>TAXATION</b>			
United Kingdom			
Overseas			
2.0	3.6	34.2	15.5
0.9	2.1	7.0	2.2
<b>PROFIT BEFORE TAXATION</b>			
<b>TAXATION</b>			
United Kingdom			
Overseas			
2.0	3.6	34.2	15.5
0.9	2.1	7.0	2.2
<b>PROFIT AFTER TAXATION</b>			
<b>MINORITY INTERESTS</b>			
1.1	7.5	27.2	13.3
<b>EXTRAORDINARY ITEMS LESS TAXATION</b>			
(7.3)			
<b>PROFIT AFTER TAX &amp; EXTRAORDINARY ITEMS</b>			
19.9			
11.2			
<b>DIVIDENDS paid and proposed</b>			
Preference			
Ordinary			
1977 13.0000p per share			
14.5			
1976 11.0775p per share			
10.1			
Total Dividends			
14.7			
10.3			
<b>PROFIT RETAINED</b>			
5.2			
0.9			

Note: The Overseas results relate to the year ended 31st December 1976

The Directors recommend payment of a Final Dividend in respect of the year ended 31st March 1977 of 7.0445p per £1 Ordinary Share. This proposed Final Dividend, together with the Interim Dividend, makes a total of 13p for the year compared with 11.0775p for the previous year. H.M. Treasury has undertaken to give formal approval to the increased rate of ordinary dividend under current statutory regulations.

Subject to approval at the Annual General Meeting which will be held on 4th August 1977, the Final Dividend will be paid on 16th August 1977 to Shareholders on the Register on 1st July 1977.

Earnings per ordinary share have been adjusted to reflect the effect of the Rights Issue made in July 1976.

REED INTERNATIONAL LIMITED REED HOUSE PICCADILLY LONDON W1A 1EJ

# VICKERS

## Foundations firmly laid for future growth

Points from the Statement by the Chairman The Rt. Hon. Lord Robens of Woldingham PC DCLLD which appears in the 1976 Report and Accounts.

It is a great pleasure to report pre-tax profits for 1976 of £38.3 million, the sixth increase in successive years. Earnings per share rose from 36.2p to 40.2p. Group sales at well over £400 million were £100 million up on 1975.

**Investment Programme**  
 Last year I referred to our policy of reinvestment in our existing businesses and to acquisitions in related fields where, in aggregate, some £55 million had been expended in the years 1972 to 1975. More has been achieved in this field in 1976 and a continuation of this vigorous policy of investment and expansion is planned for 1977 and 1978.

**The Operating Groups in 1976**  
 The policy of reinvestment and of strengthening our Operating Groups can be seen to be fully justified when considering the results achieved under the difficult trading conditions encountered during 1976.

• The Engineering Group showed further substantial improvement in profits. Activities in Australia and Canada made valuable profit contributions.

• Another creditable performance from the Shipbuilding Group demonstrated again that this business has consistently been strong and profitable.

• In a most difficult year for the office equipment market Ronco Vickers results were lower. However, following reorganisation, the Group is now well placed to take advantage of any recovery in demand.

Consolidated Profit and Loss Account for the year ended 31st December 1976.

	1976	1975
	£'000	£'000
Sales	424,234	324,904
Consolidated profit before taxation	17,403	18,674
Share of profits of associated companies	20,896	15,580
Profit before taxation	38,299	34,254
Taxation	19,160	16,567
Profit after taxation	19,139	17,687
Minority shareholders' interest	1,194	1,492
Stockholders' profit before extraordinary items	17,945	16,195
Extraordinary items	(1,767)	611
Stockholders' profit	16,178	16,806
Dividends	4,222	3,872
Profit retained	11,956	12,934
Earnings per £1 Ordinary Stock before extraordinary items	40.2p	36.2p

**Looking to the Future**  
 I have already summarised the prospects of the principal activities and I have stressed the planning and investment which has been undertaken in advance of nationalisation to secure our long-term future.

I do believe that we have already done a great deal to lay firm foundations for future growth and that we have a strong management team, capable of building a sound and profitable business on these foundations.

We are engaged in the business of wealth creation by the making and selling of goods and engineering services. Our success nationally and internationally is vitally dependent upon skilled tradesmen, designers, technicians, engineers, scientists, salesmen and managers. Such people have been discouraged by the erosion of pay differentials and the consequent lack of incentives. This problem must be recognised and corrected before the nation can expect the wealth producers to create the larger cake which is the pre-requisite of bigger slices. Government policy and actions must provide for this together with a continued anti-inflation policy and a sensible approach to industrial relations, if we are to succeed quickly.

ROBENS

Copies of the Report and Accounts 1976 have been posted to Stockholders of the Company.

The 110th Annual General Meeting of Vickers Limited will be held on the 23rd June 1977 at Millbank Tower, London SW1. VICKERS LIMITED, VICKERS HOUSE, MILLBANK, LONDON SW1P 4RA









# Tea boost for Eastern Produce

Substantial profit of Eastern Produce Holdings rose from £1.85m to a record £2.55m in 1976 on turnover of £14.75m, compared with £20.22m.

Basic earnings are up from 8.6p in 1975 and once again there is no dividend, due to a deficit of reserves. The directors expect the deficit to be fully recouped during 1977. The last payments totalled 4.55p in 1975.

Net asset value per 50p share was 77p (1975).

The results to date for 1977 indicate a further substantial improvement, largely due to the increase in the price of tea. It is stated.

Following the company obtaining representation on the board of Associated Fisheries, in which the company has a 33.5 per cent. shareholding, results of that company have been associated from February 19, 1976 to September 30, 1976—the net additional profit after tax as a result of this association is £192,000.

The group's profits after tax for 1976 included £588,390 attributable to the principal South African subsidiary—sold during that year.

Comparative figures for 1975 have been adjusted to exclude a deferred tax charge of £37,000. Involving a change in accounting policy.

# Kelsey Industries expands

A JUMP in taxable profit from £24,157 to £81,415 is reported by Kelsey Industries for the half year to March 31, 1977. Sales were better at £7.58m, against £5.5m.

The directors say that, although the rate of profit increase in the second half will not match that of the first six months, the figure for the second six months would be not less than the £1.68m for the same period of 1975-76.

The company has entered a joint venture in the U.S. with a 51 per cent. shareholding in development sales of Bib Hi-Fi accessories.

Stated earnings per 12.5p share were 11.95p (7.48p) and the net interim dividend is raised to 12.5p (1p) to reduce disparity. Last year payments totalling £2,985,500 were paid from profit of £1.65m.

After tax of £522,000 (£337,000) the net balance for the six months ended at £489,415 (£237,157).

The higher sales and profit reflected improved combined sales by the manufacturing companies, particularly in exports. This order book and profit margins of the contracting company are similar to last year.

The company has interests in the manufacture of solder, soldering and audio accessories, and in the development of energy, agricultural and forest resources, grain, food, chemical, petrochemical and pulp processing.

Turnover	14,750	20,220
Net revenue, etc.	1,147	1,587
Profit before tax	1,250	1,629
Profit after tax	1,192	1,580
Dividend	—	—
Net assets	1,192	1,580
Per share	11.95	12.50
Dividend	—	—
Net assets	1,192	1,580

# MIM and PNG REACH TERMS

It is reported from Brisbane that Australia's MIM Holdings has reached agreement with the Papua New Guinea Government on the terms for mining the big Frieda River copper deposit which is now estimated to contain some 500m. tonnes of mineralisation containing 0.5 per cent. copper.

The quarterly dividend of 8.4p per share of ISC Common Stock will be paid on June 15, 1977 to the stockholders of record on May 31, 1977.

W. D. Frank, Secretary  
2727 Allen Parkway  
Houston, Texas 77019

ISC is engaged in engineering, manufacturing, trading and financial operations worldwide. ISC's principal markets are in the development of energy, agricultural and forest resources, grain, food, chemical, petrochemical and pulp processing.

**Dividend Notice**

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W. D. Frank, Secretary  
2727 Allen Parkway  
Houston, Texas 77019

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**Nationale-Nederlandsche**

To holders of warrants entitled to purchase Bearer Depository Receipts representing shares in and issued by Nationale-Nederlandsche N.V., Delft (Holland), attached to bonds of the US \$ 30,000,000. 8 1/2% loan due 1980 of Nationale-Nederlandsche Finance Corporation (Curaçao) N.V., Willemstad (Curaçao).

As a consequence of the decision of Nationale-Nederlandsche N.V. to distribute 10% in registered shares or bearer depository receipts out of the share-premium reserve, the warrant exercise price for the above mentioned warrants has been reduced from Dfl. 120.- per Bearer Depository Receipt to Dfl. 109.-

per Bearer Depository Receipt, effective as from June 2nd 1977.

Delft (Holland), June 1, 1977 The Company:  
Nationale-Nederlandsche N.V.

LONDON 31ST MAY :::: FRANCIS INDUSTRIES AGM.

CHAIRMAN O.M. SAUNDERS REPORTED.....

GROWTH TREND RENEWED IN 1976 ..... PRE-TAX PROFITS EXCEEDED RECORD £1 MILLION MARK .....

FIRST QUARTER 77 RESULTS ON TARGET

INDICATING ANOTHER GOOD YEAR ..... PROSPECTS LONGER TERM CONTINUE TO LOOK ENCOURAGING

..... EXTENSIONS TO FACTORIES IN UK AND FRANCE COMPLETED ..... INVESTMENT IN NEW PLANT AUTHORISED ..... RE-EQUIPMENT PROGRAMME ON SCHEDULE ..... MORE EXPORT ORDERS RECEIVED FOR BOTH PACKAGING AND AUTOMOTIVE PRODUCTS ..... GROUP WELL PLACED TO TAKE ADVANTAGE OF INCREASING DEMAND IN ITS PRINCIPAL MARKETS WHICH INCLUDE MAJOR BLUE CHIP CUSTOMERS ..... SHARE PRICE UP 10 PERCENT WITH DIVIDEND YIELD OF 10.8%

4.8 TIMES COVER ::::

Turnover	£1,326,702
Pre-tax Profit	£467,481

D. M. Saunders, Chairman, Francis Industries Ltd.

Group companies are engaged in the engineering industry, specialising in the manufacture of packaging, automotive and industrial products.

1975 1976

**Francis Industries Limited**  
Luddendenfoot, Halifax.

## BIDS AND DEALS

# Allied Breweries buys Goldwell for £2.9m.

Allied Breweries is taking over Goldwell, a privately-owned drinks company whose principal product is the drink "Snowball".

The offer has the backing of the Board and other principal shareholders including Goldwell's financial advisers, Kleinwort Benson, who together hold just over 90 per cent. of the issued Ordinary capital.

In addition, Electra Investment Trust, holders of all the 15,000 issued, preferred income shares, intends to accept the offer.

Terms for the 100,000 Ordinary shares are 24p in cash or 35 Allied Breweries shares for each Goldwell share. For each preferred income share it is 27.5p in cash and for each 2 per cent. non-cumulative preference share 50p in cash.

It is proposed to reorganise Goldwell's capital prior to the offer so that each ordinary share of £1 will become one new Ordinary share of £1 with a similar arrangement being made for the other classes of capital.

Since Mr. Rufus Bette-Bennett, the chairman of Goldwell, has no position from provided by the company, the Board is considering making an ex gratia payment to him of £20,100 (for which shareholders' approval is required). Whether or not such a payment is authorised, Allied says that it would not affect the terms.

A spokesman for Allied said yesterday that Goldwell would continue to operate in the U.K. as a separate company "substantially in its present form" within the Allied Group.

Goldwell has a U.S. subsidiary with a factory near Baltimore. According to Allied, this factory is underemployed and the group intends to use the subsidiary to support the growing export and petro business in the U.S. as well as for the development of sales of Goldwell's products.

Last year Goldwell made a pre-tax profit of £800,000 on a turnover of £4.7m.

# Singlo offer for Purbeck

Singlo Holdings, the tea company, is making a £1m. bid for Purbeck Group which has tea estates in Malawi and interests in services. Singlo's chairman Mr. D. Slocum, is also a director of Purbeck, already owns 18 per cent. of the Purbeck Ordinary and half of the convertible preference shares which on full conversion would give it a stake of 31.4 per cent. In addition it has received irrevocable acceptances from certain holders amounting to 7.8 per cent. of the full converted equity.

Terms are 5 Singlo Ordinary and one new 12 per cent. convertible preference share for each Purbeck share. With Singlo 5p lower at 14p yesterday and assuming, according to Singlo, a price of not less than 70p for the new Preference Shares, this value can be converted into a share at 70p. Purbeck shares ended 9p higher yesterday.

The cash alternative of 85p per share is also intended subject to Singlo finalising its underwriting arrangements. Subject to this underwriting being completed Singlo will convert its convertible preference holding to give it 31.4 per cent. stock.

The new convertible Preference of Singlo will carry similar rights to existing convertible Preference shares.

Purbeck had no formal comment to make on the offer yesterday but the indications were that in the event of the doubling of tea prices, the terms might be considered too low. A major shareholder in Purbeck is Carnikow Group which on May 10 accepted a 25 per cent. convertible Ordinary and has representatives on the Purbeck Board.

For the year ended September 30, 1976, Purbeck made pre-tax profits of £254,000 and net assets at that date were £345,000.

# HEADCREST AND E. J. RILEY MERGER

Headcrest Investments and E. J. Riley, in which Headcrest has a 25 per cent. stake, have agreed to merge by way of offers to be made by a newly formed company E. J. Riley Holdings.

It is also proposed to make a scrip issue of three new Riley shares for each existing Riley share.

Terms of the offer are one share of Holdings for each of the shares of Riley not already owned by Headcrest and each of the new shares to be allotted under the scrip and one share of Holdings for every three shares in Riley.

Offers are to be made for the loan stocks of the two companies on the basis of £2 nominal of 12 per cent. convertible unsecured loan stock of Riley and 50 of Holdings stock for every £1 nominal of 12 per cent. convertible unsecured loan stock of Headcrest.

Riley shareholders have the right to propose a second interim dividend of 0.75p a share and also the right to receive the new Riley scrip shares and Riley stockholders will retain interest accrued and accruing up to September 30, 1977. Headcrest stockholders will be similarly entitled for the period up to September 1, 1977.

Irrevocable undertakings have been received by Holdings from directors and certain shareholders of the two companies as follows: 50.3 per cent. of the Riley shares not already owned by Headcrest, 50.3 per cent. of the Headcrest stock and 43 per cent. of the Headcrest stock.

# BTR/SILENTBLOC

With reference to the BTR offer for Andre Silentbloc, the share option has, at the request of the City Panel, been re-opened and is available to shareholders of Silentbloc who have acceptances had not been received by 3.30 p.m. on May 23. The option will close on June 14.

Accepting holders should take no further action unless their acceptance form was lodged after 3.30 p.m. on May 23 and they did not elect to receive the share option and no wish to do so.

Holders who lodged acceptances prior to 3.30 p.m. on May 23 should take no action.

# R-R MOTORS PROFITS UP

In the formal documents from Lazard Brothers on behalf of R-R Motors, the chairman of R-R in Fodens, for which R-R is making an 52m. takeover bid, it is stated that profits at R-R for the year to date are higher than those for the equivalent period of 1976.

The loss of sales of R-R has improved in the past two months compared with the first quarter of the year during which sales were affected by manufacturing

# Turriff sees big profit rise

A MATERIAL growth in profits for the current year is forecasted for the Turriff Corporation by Mr. W. G. Turriff, chairman.

The year has started well. A concerted effort has been to diversify the Turriff portfolio reflected by the satisfactory work load in hand, which includes a substantial proportion overseas.

Despite the general economic climate, chairman says the company is determined to ensure that the range of its activities and their geographical spread, will provide favourable opportunities for future growth.

As reported on May 11 pre-tax profits for 1976 rose by 25 per cent. to £512,372. The dividend is £138pp (£3.7812) and a one-for-one share issue is proposed.

Mr. Turriff says that all of the company's outstanding problems have been resolved including the

# American Association

The American Association announces that 38 debenture holders representing \$US119,225 of 3 per cent. debentures 1996 had, by May 27 intimated their wish to tender their stock to the company for cancellation at a price of \$150 per \$100 of debentures.

This is in addition to the amount of \$876,073 previously announced.

The company remains ready to purchase for cancellation on the same terms any further debentures that may be tendered.

Having regard to reports of shareholders over 5 per cent. it appears to the directors that the company may be at the present time, and may have become as at December 31, 1976, a close company.

**SUPRA GROUP LIMITED**

Highlights from the annual report and accounts by the chairman Mr. Quinton Hazel M.B.E.

Turnover	£4,196,440	£3,620,489
Operating Profit	£432,318	£338,597
Scrip Issue	1 for 10	1 for 10

Total direct exports from the Group amounted to £484,976, more than doubling our 1975 figure of £231,545 and 16 times greater than the 1974 figure.

Group turnover and profits for the first four months of the current year are substantially ahead of the figures for the same period last year; it is anticipated that this will be reflected in trading profits for the current year.

Full report and accounts available from the Secretary, Supra Group Limited, Kington Road, Southampton, Warwickshire, CV33 0JG.

# ECI planning £10m. new investment

PLANS ARE well advanced for Equity Capital for Industry, the City's equity bank, to make new investments, together involving some £10m., in five companies. Its next move should be announced within the coming month or so.

Against a sluggish industrial background in which many providers of funds are under-lent, however, Equity Capital has found that some applicants to it have withdrawn, as the rising share market—up 80 per cent. since the autumn—has made it easier for them to raise funds elsewhere.

This emerged yesterday as Equity Capital, set up more than a year ago by a range of institutions with £4m. to back viable concerns unable to raise share capital on the market, issued its first annual report and accounts.

Lord Plovers, Equity Capital's chairman, said yesterday that they had so far received 99 applications, out of which there were now 30 live cases, consisting of five probable candidates for investment and 25 possibles. It appears that the five likely to receive an investment of ECI funds, plans in two or three cases have progressed to the point where an announcement is virtually ready to be made.

However, public statements are being held up to coincide with coming preliminary profit statements or other regular announcements by the companies in question.

Meanwhile, since ECI is only now reaping the fruits of making investments, the cash subscribed by ECI shareholders last year has been placed in shorter interest-free (not gilt-edged), where it has earned an income of £2.9m. for the period April 26, 1976 to March 31, 1977. This return was equal to 12.6 per cent. on the average, say the directors.

# W'hampton & Dudley advance

FOLLOWING A very good start in the year Wolverhampton and Dudley Breweries has notched up a 15 per cent. increase in pre-tax profits in the first six months ended March 31, 1977, the figure being £2.6m. which compares with an extremely buoyant £2.26m. in the same period of 1975-76.

The result—achieved on a turnover up 19.3 per cent. to £18.4m.—gives the directors confidence that similar progress will be maintained in the second half.

Despite an increase in January prices remained very competitive and the high quality of the group's beers has been fully maintained. These two factors have helped the group to achieve record sales well above the national average to 12.6 per cent. on the average, say the directors.

# MANIFORD TO DIVIDE

Maniford Transport Services, 40 per cent. owned by British and Commonwealth Shipping, is proposing to divide the group into two new companies—Walford Maritime Holdings, owing the shipping and trading activities, and Investment Holdings, holding existing portfolio investments.

The present group holding company, Maniford Transport Services, will cease to exist and shareholders will instead receive shares in the two new holding companies.

Approximately one-third of the group's net assets will be held by Walford Maritime Holdings and two-thirds by Maniford Investment Holdings. This corresponds with the present split of activities.

The directors of Maniford Transport Services will be voting in favour of the proposals in respect of their own holdings representing in aggregate 9 per cent. of the share capital. They have informed shareholders that British and Commonwealth Shipping will also be voting in favour and the directors recommend all shareholders to do the same.

# AVP SEES £5.4M.

In the formal document accompanying Lorho's £25m. offer for AVP Industries, Mr. Harold Poster, chairman of AVP, forecasts pre-tax profits for the year ended March 31, 1977 of not less than £5.4m.

Urging shareholders to accept the offer, Mr. Poster says that the offer price of 130p a share is more than the value ever achieved by AVP shares and compares with a low for 1977 of 49p and a price of 80p the day before the announcement of the offer.

Mr. Poster points out that accepting the offer will enable shareholders to achieve a much greater return on investment as on the basis of the last declared dividend for 1975-76 of 4p gross the yield of the offer price is only about 3 per cent.

Directors representing 3.4 per cent. of the shares have irrevocably accepted and will procure acceptances from family and trust holdings of a further 16.1 per cent.

Closing date of the offer is June 21.

# COWIE/COLMORE

The deputy chairman of Colmore Investments, Mr. J. R. Colmore, has advised that shareholders should take no action on the formal offer document from T. Cowie containing nothing whatsoever in after the Board's view that the offer is totally inadequate.

Colmore, in consultation with the Financial Advisers, S. G. Warburg and Co., are preparing a detailed explanation of the reasons why the offer should be rejected, and meanwhile advise shareholders to take no action.

# INFLATION ACCOUNTING: THE DEBATE CONTINUES

# 40 Companies prepare with FASCIA

With the completion of the six months exposure draft period, the ED18 specification for inflation accounting using the CCA method will come under final examination.

Although the results are not finalised, the outcome is certain to have far-reaching effects on accounting procedures.

The importance of these changes is reflected in the high response to FASCIA. Over 40 major Companies have installed it and many more are examining its potential.

FASCIA—Fixed Asset System Control Information and Accounting—continues as the most successful system able to deal with the new fixed asset accounting requirements of ED18.

FASCIA's applications include: Inflation Accounting, Capital Project Budgetary Control, Plant and Property Register, Insurance Inventory Control, Rented Assets Control, Asset Utilisation and Performance Analysis.

For details of the many advantages of FASCIA contact: R.T.Z. Computer Services Ltd., 18/19 Sandland Street, London WC1R 4PZ. Tel: 01-405 9564/9502 or Bristol: R.T.Z. Computer Services Ltd., Radcliff Street, Bristol BS1 6NS. Tel: 0272-24181.

**R.T.Z. Computer Services Ltd.**

18/19 Sandland Street, London WC1R 4PZ  
Tel: 01-405 9564/9502  
Bristol: R.T.Z. Computer Services Ltd., Radcliff Street, Bristol BS1 6NS  
Tel: 0272-24181



MINING NEWS

# Fraser promises early uranium decision

BY PAUL CHEESBRIGHT

**THE AUSTRALIAN** Prime Minister Mr. Malcolm Fraser, has injected a degree of urgency into the development of a domestic uranium policy. A final decision on the recommendations of the second Fox report will be made soon after his return to Canberra from an overseas tour which ends on June 28.

"The decision will not be delayed," he said in London yesterday shortly after his arrival for a visit during which he will discuss uranium with the Government. Mr. Fraser sees Mr. Anthony Wedgwood Benn, the Energy Secretary, this morning. The future of the Yeelrie uranium deposit, owned by Western Mining, will be embraced by that decision. The Fox report only considered potential mining developments in the Northern Territory. Yeelrie is in Western Australia.

"When we look at the matter we will be looking at the total development of uranium in Australia, or otherwise. We want people to know where they stand as soon as possible," Mr. Fraser said.

The Fox report, based on evidence collected in a two year enquiry, recommended a start to mining at the Ranger deposit, owned by Renco-Wallend, EZ Industries and the Government itself, subject to stringent safeguards, and left the way open for the development of the Jabluka deposit, owned by Panconstrand and Getty, should the need arise.

Mr. Fraser shrugged off potential objections by the Australian Labour Party in uranium mining — objections which if translated into policy by any forthcoming Government might interrupt the continuity of supplies, should a decision be made to export Australian uranium.

He said that the ALP had made no decision on the second Fox report and had no policies which would inhibit mining. The president of the ALP, Mr. Bob Hawke, had indicated that he was in favour of uranium exports.

Evidence that the Australian Government is speeding its decision-making on uranium development will be welcomed by potential customers in Europe, Japan and the U.S., all of whom have expanding nuclear power programmes.

Mr. Fraser has already visited Paris and Brussels, in all of which capitals government leaders are conscious of the accepted wisdom that there will be a uranium shortage in the 1980s. The pressure on world uranium supplies will increase should the Carter Administration in the U.S. be successful in its efforts to restrict the reprocessing of nuclear waste materials in fast breeder reactors.

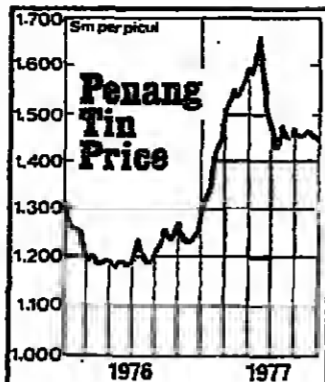
## Tin round-up

The general slide in prices of the major base metals has not left tin unscathed. The Penang quotation having come back from its March peak of \$311.600 per picul to \$311.448. But unlike the copper prices, most tin producers are still making good profits at current price levels.

Killingball, for example, is doubling its interim to 50p for the current year in September 30. A total of 50p was paid for 1975-76. An added boost for this company is its rising production of tin concentrates which amounts to 430 tonnes for the past seven months compared with 322 tonnes a year ago.

The Malayian-registered Sungai Besi, on the other hand, suffered a fall in production during the year to last March to 1,496 tonnes from 1,568 tonnes in the previous 12 months. In the statement of November last year regarding the company's change of domicile to Malaysia it was forecast that the loss for 1976-77 would be \$422.9m.

In the event, matters have been helped by the higher metal price with the result that the mine now announces a loss of \$311.6m (1975-76) for the year which compares with a loss of \$3870,000 in 1974-75. Tronoh, which emigrated at the same time, announces a group profit for 1976 of \$34m (1974-75, \$1946,000).



The small London-registered Malaysian Tin announces that it has been granted exemption from U.K. dividend control. It is to be sold in the year to last March announced, subject to audit, to 119,85 tonnes compared with 105 tonnes in the previous year. Its dividend of 0.654p net was paid for 1975-76.

In London yesterday, Killingball rose 10p to 410p, Tronoh, 11p, Sungai Besi 6p and Malaysia Tin were all unchanged.

## PATINO CANADA OUTPUT RISING

The Netherlands-based Patino is reporting increased output this year from its Canadian mining operations as a result of higher production during the first quarter of the year.

The group's Lemoine mine produced 2,1m lbs of copper last quarter compared with 1,57m lbs a year ago.

As already reported, the West German Preussag group has acquired a 20 per cent stake in Patino NV, the shares of which were 114 yesterday.

SHARE DISCLOSURES

**Aurea Holdings:** Throgmorton secured Growth Trust holds 66,610 8 per cent convertible cumulative reduced preference shares 17.03 per cent. Throgmorton Trust holds 208,571 shares (22.01 per cent.) and New Throgmorton Trust holds 135,071 shares (14.36 per cent.).

**Wiggins Constructoe:** ITC Pension Trust, jointly with ITC Pension Investments hold 375,000 Ordinary shares (7 per cent.) Mr. J. G. Wiggins holds 468,287 (Ordinary shares. Messrs. J. G. Wiggins, C. C. Wiggins and G. Warren as trustees for the J. G. Wiggins Charity Trust hold 757,248 shares (13 per cent.) and Messrs. C. C. Wiggins and G. Warren as trustees for the C. C. Wiggins Charity Trust hold 1,096,412 shares (20 per cent.).

**Wiggins Trust:** Following sales by associated companies of 272,330 Ordinary shares, Edward Bates and Sons (Holdings) has ceased to have a notifiable interest.

**Glass and Metal Holdings:** 10,000 Ordinary shares held by Mrs. Rose Webber, spouse of Mr. Bartram Webber, have been sold at 80p per share.

**Avery:** As at May 26, Britnair Assurance Company held 1,530,000 Ordinary shares (5.01 per cent.) E.I.B. Industrial: Compagnie Financiere Europeenne et d'Outremer, S.A. are the beneficial owners of 123,000 Ordinary shares (15.1 per cent.).

**Allied Investments:** Dr. R. J. Wainwright, a director, has disposed of 160,301 Ordinary shares (2.12 per cent.) as at May 26.

**London and Manchester Assurance Company and its subsidiaries:** A director, has disposed of 6,977 Ordinary shares (0.09 per cent.) of the unretained voting rights.

**Stone Plate Industries:** Commercial Union Assurance Company has an interest of 5.12 per cent. in the company's preference share capital. Phoenix Assurance has a 5.12 per cent. interest and Fidelity Assurance an interest of 5.12 per cent. Prudential Assurance has a 5.36 per cent. interest in the Ordinary share capital. Mrs. A. M. Spence, a director, has disposed of 1,000 Ordinary shares at 140p.

**Burnett and Hallams:** Holdings: Mr. P. J. Kershaw, a director, has disposed of 1,000 Ordinary shares at 140p.

**Trustee of other settlements:** 50,823 shares and other interests, 6.99 per cent. in total.

**Jokai Tea Holdings:** Lawson Raw Materials and General Trust holds 1,000 per cent. preference shares (10 per cent.).

**Brooke Bond Ltd:** As a result of the recent rights issue Mr. S. K. Mansell and Mr. A. C. Swire, directors, have increased their shareholdings by 1,225 and 1,125 shares respectively.

**Hallam Sleigh and Cheston:** ITC Pension Trust jointly with ITC Pension Investments announces that as at 15th May 1977 the Imperial Group held 155,000 Ordinary shares (5 per cent.).

**Alpine Soft Drinks:** As at May 25 Mr. G. Endowment and Penelope, directors, have increased their shareholdings by 1,000 Ordinary shares, thereby reducing their interest to 100 shares.

**Gilt and Juffs Group:** Mr. T. H. A. Jones has exercised an option to acquire 7,500 Ordinary shares which stock he has at the same time sold. His overall holding, therefore, remains unchanged at 275 stock shares.

**Talbot Group:** Mr. S. H. Lunt, a director, has acquired 40,000 shares.

**Janitar:** Mr. E. S. Nassar, a director, has acquired a further 10,000 shares bringing his total interest to 222,000 shares (28.83 per cent.).

**Tube Investments:** Mr. I. H. Phillips, a director, has sold 100 Ordinary stock and Mr. H. J. A. Jones, a director, has sold 2,332 Ordinary stock.

**Lamson Industries:** As a result of the acquisition of the company by More Corporation, Mr. R. W. Hamilton, a director, no longer has an interest in L.J. Mr. Hamilton received a consideration of \$50 for his shareholding. Mr. D. W. Barr (also a director) received the same consideration for his shareholding on the merger becoming effective.

**British Printing Corporation:** Mr. O. J. Harbut, a director, disposed of 3,500 Ordinary shares on May 27 at 41p. Mr. Harbut's holding is thereby reduced to 25,200 shares.

**Dunlop Holdings:** Eagle Star Group has purchased a further 20,000 51 p cent. Preference shares, and now holds 1,203,600 (82.3 per cent.) of the 51 p cent. Preference shares.

**Walker and Hamer:** Mr. G. R. Walker, a director, has disposed of 100,000 Ordinary shares at 15p per share.

**Arnour Trust:** Mr. C. R. Lambourne, a director, has disposed of 20,000 Ordinary shares.

**Young and Co. Brewery:** Mr. J. A. Young, a director, has disposed of 5,000 "B" Ordinary shares.

**Metal Closure Group:** Mrs. E. Boden, wife of Mr. J. Boden, a director, has acquired 1,000 Ordinary shares.

**Foreign and Colonial Investment Trust:** Mr. D. J. L. Williams, a director, sold on May 30 1,941 Ordinary shares at 129p.

**Lead Industries Group:** As a result of the recent change in the share capital, Prudential Assurance Company has an interest in 4.5 per cent. of the Ordinary share capital.

**Coats Patons:** Mr. W. D. Coats, a director, announces that a trust in which he has a non-beneficial interest, as trustee, has sold 85,000 Ordinary shares.

**S. and W. Berisford:** Mr. W. L. Hubert, a director, in his capacity as a trustee for the Walter Hubert Charitable Trust, on May 26 sold 3,000 new Ordinary shares nil paid.

**Farings Mining and Exploration:** Mr. A. C. Doulton has acquired a further 15,000 shares bringing his total interest to 463,000 shares (6.46 per cent.).

**English China Clays:** Company directors, Mr. A. C. Doulton, Mr. J. E. Carleton, and Mr. J. L. Williams being directors of the company. Term-Consultant: Mr. R. Lawson, a director, has disposed of 2,150 Ordinary shares remaining holding 17,718 shares (12.65 per cent.) and Mr. P. J. Barber, a director, has disposed of 4,250 Ordinary shares leaving 178,750 shares (12.53 per cent.).

**Transparent Paper:** Barclays Nantoco (M and G Group) "B" account holds 300,000 Ordinary shares and 30,000 as originally announced. The effective date of the holding is May 17, and not May 1.

**Denbee-Combe-Marr:** Marline Resources of New York hold approximately 8 per cent. of equity capital.

**Grange Trust:** Practical Investment Fund is beneficial holder of 34,650 Ordinary (3.7 per cent.).

**Directors of Rays Wharf:** An announcement by the Smith Trustee Company stated that company has interest in 1,333,585 Ordinary shares. Included in this amount were 232,676 shares registered in the name of the Smith Trustee Company, and held by it as nominees.

**The Throgmorton Trust:** Following recent increase in the capital on conversion of loan stock, Prudential Assurance now holds 13.52 per cent. of the issued Ordinary share capital.

**United Demolition Trust:** Following recent sale and repurchase of 98,000 Ordinary shares, Eagle Star Group's interest is 10.02 per cent.

**Great Shipways:** As at May 15 1977, Outwich Investment Trust held 23,000 Ordinary shares.

**Jessel Toyabee:** Mr. A. E. Weatherill, a director, has sold 277,438 shares of his holding of 277,503.

**Ladhroke Group:** Mr. E. W. MacAdie, a director, and Mr. G. L. Leigh as non-beneficial trustees have reduced their interest to 2,940,000 Ordinary shares. Mr. MacAdie's total holding, including the foregoing, is now 3,183,870.

**Law Land Company:** Sir Henry Warner, a director, has disposed of his interest in 98,488 Ordinary shares to the beneficiary of a trust for no consideration.

**Winn Industries:** Mr. G. C. Howard, a director, purchased 10,000 Ordinary shares.

**Morgan Edwards:** Mrs. J. C. Bolton holds 32,893 Ordinary shares. Mr. E. K. Edwards holds 397,730 Ordinary and Mr. J. S. Freebrough and Anor (Stewart) hold 321,534 shares (these are held by them as trustees for Mr. C. K. M. Edwards and Miss A. M. Edwards). ITC Pension Trust, jointly with ITC Pension Investments, hold 10,000 Ordinary shares, Courage Staff Pension Fund holds 50,000 Ordinary shares.

**Rowntree Macdonald:** Trustees of the Joseph Rowntree Memorial Trust have notified company that they have disposed of 23,000 Ordinary shares at 25p and 25,000 Ordinary shares at 25p. They are now interested in 4,230,000 Ordinary shares (10.07 per cent.).

**George William Frokes Dawney:** Mr. George William Frokes Dawney, a director, has purchased 21,191 of Ordinary stock for his non-beneficial interest.

# Charterhouse Interim Report for the half year ended 31st March 1977

**Results**

The Group pre-tax profit for the first half year exceeded the previous year's record level notwithstanding the impact of higher interest charges and the severity of the downturn in the construction industry. This augurs well for the second half which produces a greater share of the year's total profit.

Development capital profits whilst lower in Canada were higher in both the UK and the US.

Charterhouse Japhet had an active and successful half year and increased its profits after transfer to Inner Reserve.

In manufacturing, Newage Engineers continued to benefit from extremely active export markets. The construction industry suffered from further Government cuts in expenditure and a particularly wet winter and as a result Charcon operated at a loss during the first six months. Alenco's profit was lower than in the corresponding period of last year reflecting the continued weakness of the French market. The smaller manufacturing companies were buoyant and produced good results.

In distribution and services, Spring Grove started the year well and Edmondson Electrical showed a considerable profit improvement in conditions that were hardly favourable.

Excellent results were again achieved by Glanville Enthoven, the insurance broking subsidiary.

**Outlook**

Charterhouse continues to expand its profitable activities. Good opportunities for minority investments in private companies are becoming more apparent both in the US and in the UK.

The Thistle oil field is expected to become productive during the next financial year and the Group's stake in this field will provide a good basis for development of its interests in the Fifth Round licences which have been awarded in Blocks 14/16 and 14/17 in the Moray Firth.

The Directors consider that the signs for the second half year are better than are reflected by the first half year's results and are pleased to be able to confirm the statement made by the Chairman in last year's Annual Report that he was confident that in the absence of unforeseen circumstances we shall be reporting an increase in profit in 1977.

**Interim Dividend**

The Directors have declared an interim dividend of 1.18p per fully paid ordinary share (1976 - 1.18p). On share capital increased by the Rights Issue of June 1976 and the conversion of Loan Stock in March 1977, this dividend will amount to £1,077,000 (1976 - £797,000). It will be paid on 11th August 1977 to shareholders on the register on 14th July 1977.

	Half year ended 31.3.77	Half year ended 31.3.76	Full year ended 30.9.76
£'000			
Turnover	67,699	61,337	131,169
Operating profit	1,283	1,359	2,646
Development capital	727	529	761
Banking	1,401	2,224	5,101
Manufacturing	1,963	925	2,270
Distribution and services	1,351	964	2,382
Insurance broking	(418)	(562)	(967)
Central activities	6,317	5,439	12,193
Interest payable	2,742	2,173	4,780
Profit before taxation	3,575	3,266	7,413
Taxation			
United Kingdom	1,275	773	1,983
Foreign	621	830	1,573
	1,896	1,603	3,556
Profit after taxation	1,679	1,663	3,857
Minority shareholders' interest	168	149	330
Profit after taxation attributable to the company	1,511	1,514	3,527

# CHARTERHOUSE

Copies of the full Interim Report can be obtained from The Secretary, The Charterhouse Group Limited, 1 Paternoster Row, St. Pauls, London EC4M 7DH. Tel: 01-248 3999

# Wadkin

Extracts from the statement of the Chairman, Mr. W. L. Sims OBE, on the accounts for 1976 adopted at the Annual General Meeting held on 31st May 1977.

- \* Increase of 20% in Export Sales during 1976
- \* New and improved designs continue to be prepared
- \* Demand in 1977 for both woodwork and machinery and machine tools is increasing
- \* Good progress of machine tools in foreign markets

	1976	1975
Group turnover	15,831	13,311
Profit before taxation	1,735	1,603
Net profit after taxation	918	759
	p per share	p per share
Earnings	19.13	15.83
Dividends	5.3	4.82
Transfers to reserves	13.83	11.00

WADKIN LTD., WOODWORKING MACHINERY & MACHINE TOOLS, GREEN LANE WORKS, LEICESTER LE5 4PF

NOTICE OF ISSUE ABRIDGED PARTICULARS

Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

# Mid Southern Water Company

(Incorporated in England on the 27th July, 1893 by the Frimley and Farnborough District Water Act 1893.)

## OFFER FOR SALE BY TENDER OF £5,000,000 8 per cent. Redeemable Preference Stock, 1982

(which will mature for redemption at par on 30th June, 1982)

### Minimum Price of Issue—£99 per £100 Stock

yielding at that price, together with the associated tax credit at the current rate, £12.43 per cent.

This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961 and by paragraph 10 (as amended in its application to the Company) of Part II of the First Schedule thereto. Under that paragraph, the required rate of dividend on the Ordinary Capital of the Company was 4 per cent. but, by the Trustee Investments (Water Companies) Order, 1973, such rate was reduced to 2.5 per cent. In relation to dividends paid during any year after 1972.

The preferential dividends on this Stock will be at the rate of 8 per cent. per annum without deduction of tax. Under the imputation tax system, the associated tax credit at the current rate of Advance Corporation Tax (35/65ths of the distribution) is equal to a rate of 4.47/13 per cent. per annum.

Tenders for the Stock must be made on the Form of Tender supplied with the Prospectus and must be accompanied by a deposit of £10 per £100 nominal amount of Stock applied for and sent in a sealed envelope to Deloitte & Co., New Issues Department, P.O. Box 207, 128, Queen Victoria Street, London EC4P 4JX marked "Tender for Mid Southern Water Stock", so as to be received not later than 11 a.m. on Thursday, 9th June, 1977. The balance of the purchase money is to be paid on or before 30th June, 1977.

**STATUTORY AND GENERAL INFORMATION**

The Company was incorporated by special Act of Parliament in 1893, and now supplies water in an area of approximately 580 square miles in parts of Berkshire, Hampshire, Surrey and Sussex to a population of approximately 600,000. In addition, large supplies of water are afforded under agreements to various Government Establishments. The length of trunk and service mains is some 2,300 miles and the average daily quantity of water supplied by the Company is 35 million gallons.

The present issue is being made to provide for the redemption at par, on 30th June, 1977, of £1,500,000 7 per cent. (formerly 10 per cent.) Redeemable Preference Stock, 1977, in accordance with its original terms of issue and to provide funds for capital expenditure incurred or to be incurred on new works, trunk mains and extensions of mains, necessary to meet the increasing demand for water. The Company's programme of capital expenditure is a continuing one, and further capital will be raised as and when required.

Copies of the Prospectus, on the terms of which alone Tenders will be considered, and Forms of Tender may be obtained from:—

- Seymour, Pierce & Co., 10, Old Jewry, London, EC2R 8EA.
  - Barclays Bank Limited, 65, High Street, Camberley, Surrey GU15 3RQ.
- or from the Offices of the Company at Frimley Green, Camberley, Surrey GU16 6HZ.

**MAURICE JAMES**

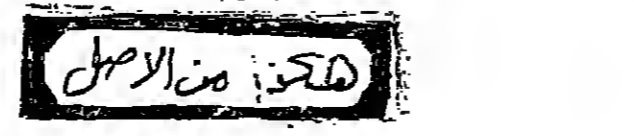
In response to York Trust's offer for Maurice James, acceptances have been received for 2,355,738 shares (84.23 per cent.). The number of shares held by York before the offer was 1,200,000. The offer has been declared unconditional and will remain open for a further 14 days.

# CLUBS

**EYE 189** River Street, The 0557. A 10 acre of All-in-Money, Three Societies and more than 1000 trees and shrubs. GARGYLE, 1000 Acres, London, W.I. NEW STRIPPERE FLOORSHOW Show at Millington also 1/4 m. Progresses. See-Fri. Clubs Survivors. 01-437 6253.

**CHOPWORTH HOUSE ANTIQUES FAIR** Park Lane, W.1. 10.30 a.m. - 5 p.m. Thursdays to 10 p.m. Closed Sunday. Admission 1.50 including membership handbook.

Copies of the Report and Accounts are available from the Secretary, Electrical & Industrial Securities Ltd, 6 Sloans Square, London S.W.1. Telephone: 01-730 9187





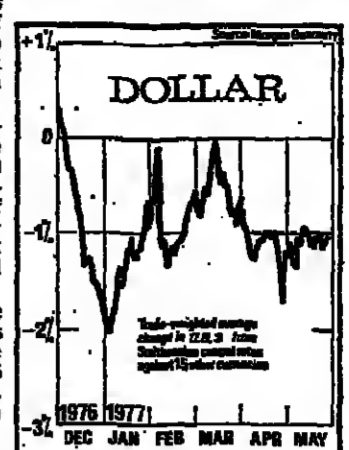
Small losses but above the worst £ improves

BY OUR WALL STREET CORRESPONDENT
FURTHER LOSSES were scored on Wall Street, although the close was above the worst in more active trading.

Other Markets
PARIS—French shares mixed to fractionally easier. Brokers cited the raising of the Call Money rate by 1 per cent to 8 1/2 per cent.

Other Markets
BRUSSELS—Sharply lower. Among foreign issues, German U.S. and Dutch stocks fell.

Other Markets
MILAN—Stocks were mixed in their dealings with no new initiative to stimulate business.



GOLD MARKET

Table with columns for Gold Bullion, Gold Bars, and Gold Coins, listing prices for various quantities and types.

FOREIGN EXCHANGES

Table showing exchange rates for various currencies including New York, London, and other international locations.

SPECIAL DRAWING RIGHTS RATES

Table listing Special Drawing Rights (SDR) rates for various countries and currencies.

EXCHANGE CROSS-RATES

Table showing cross-rates between major currencies such as the Dollar, Pound, and Deutsche Mark.

OTHER MARKETS

Table listing prices for various commodities and financial instruments like oil, sugar, and bonds.

FORWARD RATES

Table showing forward exchange rates for different currencies and time periods.

OSLO

Table listing stock prices and market data for the Oslo market.

JOHANNESBURG

Table listing stock prices and market data for the Johannesburg market.

PARIS

Table listing stock prices and market data for the Paris market.

SWITZERLAND

Table listing stock prices and market data for the Swiss market.

STOCKHOLM

Table listing stock prices and market data for the Stockholm market.

MILAN

Table listing stock prices and market data for the Milan market.

TUESDAY'S ACTIVE STOCKS

Table listing active stocks on Tuesday, including Dow Jones Industrial Average and various individual stocks.

Indices

Table showing various market indices such as Dow Jones, S&P 500, and other regional indices.

NEW YORK—DOW JONES

Table showing the Dow Jones Industrial Average and other key indices for New York.

STANDARD AND POORS

Table showing Standard & Poor's 500 Index and other related market data.

Y & R ALL COMMON

Table listing Y & R All Common stocks and their performance.

MONTEAL

Table listing stock prices and market data for the Montreal market.

TOBACCO

Table listing tobacco-related stocks and market data.

JOHANNESBURG

Table listing stock prices and market data for the Johannesburg market.

INDEXES

Table showing various market indices for the Johannesburg region.

AMSTERDAM

Table listing stock prices and market data for the Amsterdam market.

COPENHAGEN

Table listing stock prices and market data for the Copenhagen market.

VIENNA

Table listing stock prices and market data for the Vienna market.

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TOKYO

Table listing stock prices and market data for the Tokyo market.

AUSTRALIA

Table listing stock prices and market data for the Australian market.

BRAZIL

Table listing stock prices and market data for the Brazilian market.

OSLO

Table listing stock prices and market data for the Oslo market.

JOHANNESBURG

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OVERSEAS SHARE INFORMATION

NEW YORK

Large table listing various overseas share information for New York, including company names, stock prices, and market data.

CANADA

Large table listing various overseas share information for Canada, including company names, stock prices, and market data.

AMSTERDAM

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COPENHAGEN

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VIENNA

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TOKYO

Table listing stock prices and market data for the Tokyo market.



INTERNATIONAL FINANCIAL AND COMPANY NEWS

KHD profits rise—but warning sounded

BY JOHNATHAN CARB

THE WEST GERMAN engineering and utility vehicles company... KHD profits rose 11 per cent last year to DM3.4m...

BONN, May 31.

rial vehicles business has surpassed expectations. The two have set up the Iveco Holding Company...

THE AQUARIUS PROGRAMME

Mr. Lewis sees it through

BY JOHN WYLES IN QUINCY, MASSACHUSETTS

IT TRIS WERE STILL the era of the sailing ship, signs of relief would ensure that the liquefied natural gas carrier...

the objections of General Dynamics' largest stockholder, Henry Crown, and of several other Board members...

terminal in Indonesia, whose gas she will carry to Japan, is also approved for the \$730m federal loan guarantee...

... as the yard prepared for the ship's formal naming ceremony prior to her delivery this week, it was little wonder that Mr. David Lewis, General Dynamics Chairman, was moved to ask rhetorically "you never thought we would do it, did you?"

AMERICAN NEWS

St Regis \$300m. plan

BY JOHN WYLES

NEW YORK, May 31.

THE ST. REGIS paper company, share is generally regarded as one of America's biggest paper pulp manufacturers...

Marwick are the targets of a number of shareholders' suits alleging that Mr. Posner boosted the company's stock by inflating its earnings...

As the yard prepared for the ship's formal naming ceremony prior to her delivery this week, it was little wonder that Mr. David Lewis, General Dynamics chairman, was moved to ask rhetorically "you never thought we would do it, did you?"

McDonnell Douglas. When he arrived, many industrial analysts believed that General Dynamics was on the brink of collapse...

closer to producing its first sphere. General Dynamics adopted an audacious approach to the problem...

and Bormah had been improperly seeking federal loan guarantees for seven of the ships...

the yard has contracts for a further two gas carriers in which General Dynamics has also taken an equity holding.

SAAB-SCANIA. The Swedish commercial car, aircraft and data processing equipment manufacturer...

Three man team for UAE Board

BY KATHLEEN BISHTAWI DUBAI, May 31. SHEIKH ZAYED, President of the United Arab Emirates, has decided to replace Mr. Ronald Scott, managing director of the UAE Currency Board...

Saab data-processing plan

BY JOHN WALKER STOCKHOLM, May 31. SAAB-SCANIA. The Swedish commercial car, aircraft and data processing equipment manufacturer...

Amex market programmes

THE AMERICAN stock exchange has said its Governing Board has instructed the Amex administration to proceed "promptly" with a series of programmes designed to strengthen the exchange's competitive position...

Bk. of Israel report

BY OUR OWN CORRESPONDENT TEL AVIV, May 31. THE BANK OF ISRAEL's annual report for 1976 published today shows that there was an improvement in the country's balance of payments...

EUROBONDS

EEC loan discount BY MARY CAMPBELL IN WHAT was effectively first time yesterday and the two-day holiday in Britain next week...

US \$50,000,000 Gabinete da Area de Sines (An Agency of the Republic of Portugal). Guaranteed Floating Rate Serial Notes 1982. Republic of Portugal. Dillon, Read Overseas Corporation, European Banking Company Limited, Algemeine Bank Nederland N.V., Amex Bank Limited, Banque Nationale de Paris, Berliner Handels- und Frankfurter Bank, Samuel Montagu & Co. Limited, Orion Bank Limited, Alahbi Bank of Kuwait (K.S.C.), A. E. Ames & Co. Limited, Andresens Bank A/S, ASEAM Capital Corporation Limited, Banco Totta & Acores, Bache Halsey Stuart Inc., Banca del Gottardo, Bank of Credit & Commerce International, Bank Gutzwiller, Kurtz, Bungeener (Overseas) Limited, Banque Arabe et Internationale d'Investissement (B.A.I.I.), Banque Bruxelles Lambert S.A., Banque Continentale du Luxembourg S.A., Banque Francaise du Commerce Extérieur, Banque Franco-Portugaise, Banque Générale du Luxembourg S.A., Banque de l'Indochine et de Suez, Banque Internationale à Luxembourg S.A., Banque de la Société Financière Européenne, H. Albert de Bary & Co. N.V., Bergen Bank, James Capel & Co., Cazenove & Co., Centrale Rahobank, Charterhouse Japhet Limited, Crédit Industriel et Commercial, Crédit du Nord, Creditanstalt-Bankverein, Credito Italiano, Dominion Securities, European Arab Bank (Brussels) S.A., Genossenschaftliche Zentralbank A.G.—Vienna, Antony Gibbs Holdings Ltd., The Gulf Bank K.S.C., International Commercial Bank, Interunion-Banque, Kuwait International Investment Company s.a.k., Kuwait Pacific Finance Company, F. van Lanschot Bankiers, The Nikko Securities Co., (Europe) Ltd., Nomura Europe N.V., Norddeutsche Landesbank Girozentrale, PKbanken International (Luxembourg) S.A., Privatbanken, Rea Brothers, N. M. Rothschild & Sons, Société Centrale de Banque Aktieselskab, Trade Development Bank Overseas Inc., United International Bank, Vereins- und Westbank Aktiengesellschaft, S. G. Warburg & Co. Ltd., Wobaco Investments Limited, Yamaichi International (Nederland) N.V.

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Lafarge will be held in Room La Descente, Hotel Maridien, 81 Boulevard Gouvion Saint Cyr, 75017 Paris, at 5.30 p.m. on Thursday, 23rd June 1977...

BONDTRADE INDEX

Table with columns: Bond Type, Yesterday, Friday. Rows: Medium term, Long term, Convertible.

MEDIUM TERM CREDITS

\$17m. for Kurishima BY FRANCIS GHILES KUHNS, LUËB and Co. Asia is managing a \$17m. loan to an asset owned wholly owned subsidiary of Kurishima dockyard...

Bayerische Vereinsbank Finance Company B.V.

U.S. \$30,000,000 Guaranteed Floating Rate Notes Due 1981 For the six months June 1st, 1977 to December 1st, 1977 the Notes will carry an interest rate of 6 1/4 per cent per annum.

Handwritten Arabic text: كسب من الأرباح



JAPANESE AIRLINES

JAL doubles earnings forecast

BY DOUGLAS RAMSEY

JAPAN'S AIRLINES have managed to exceed and in the case of JAL more than double their own earnings forecast for the fiscal year ended in March...

TOKYO, May 31. JAL managed to boost its passenger load factor on both international routes (up 3.5 per cent.) and domestic ones (up 2.5 per cent.)...

Gollin directors accused

BY JAMES FORTH

THE FORMER managing director of Gollin Holdings which collapsed in 1976 with debts of more than \$400m. had deliberately deceived the public and other Board members of the true state of the company's affairs...

of being judged a failure by the court. The second and more compelling motive was that Mr. Gale's fortunes at that time were almost entirely bound up with the group's fortunes...

DBS stake in Arab consortium

BY H. F. LEE

SINGAPORE, May 31. THE DEVELOPMENT Bank of Singapore (DBS) has taken a stake in the Arab bank, Banque Arabe et Internationale d'Investissement (BAII)...

The report detailed how the interim accounts were originally allegedly manipulated and falsified. Steel stocks were brought to account at deliberately inflated values...

Premier Milling to invest R10m.

BY RICHARD ROLFE

THE ANNUAL report of Premier Milling, in which Associated British Foods holds an interest of 52 per cent., disclosed that the group is to spend about R10.5m on capital account in the current year...

will undoubtedly have disastrous results for all concerned. For the year in March 31, pre-tax profits rose from R28.5m to R34.1m and the report shows that as in the past the group's milling and milling profits were the mainstay...

JOHANNESBURG, May 31. The group is planning to extend its operations into the highly-rated industrial majors in South Africa, and its 10-year record, in which dividends have grown from 84 cents to 52 cents, has made it a prime institutional favourite...

DOMESTIC BONDS

Coupons begin to rise

BY JEFFREY BROWN

FOLLOWING the recent spate of heavy coupon activity, coupons on the Dutch market are beginning to edge upwards...

are to be priced by next Monday, although Paribas NV is to announce by French bank Entrepreneurs is seeking Frs.300m through an issue of 11.3 per cent. 15-year bonds at 113 per cent.

The bonds will be amortised at par between 1980 and 1992. Gross yield is 11.81 per cent. An offering of Frs.117.5m. to be made by SA Francaise du Ferrou through a 9.5 per cent. 11-year convertible bond issue at par.

SELECTED EURODOLLAR BOND PRICES

Table with columns for Bond Name, Bid, Offer, and other financial details. Includes entries for ALCAN, AMGEN, AMPLAC, etc.

MEXICO advertisement featuring a map of Mexico and text: 'A New Investment Opportunity. An Important Export Market. MEXICO'.

Grindlay Brandts Limited and Nacional Financiera S.A., are proud to announce the formation of the official Trust Fund to promote Anglo-Mexican joint ventures.

REPORT TO INVESTORS from a company called TRW

TRW Sets First Quarter Records; Increases Dividend.

Table titled 'FIRST QUARTER FINANCIAL HIGHLIGHTS' showing sales, earnings, and dividends for 1977 and 1976.

TRW advertisement featuring an image of a factory and text: 'A COMPANY CALLED TRW' and 'TRW and the U.S. Environmental Protection Agency dedicated a new chemical plant which will test a TRW process for removing pyritic sulfur from coal.'

H.K. Resort shares bought

BY DANIEL NELSON

HONG KONG, May 31. A NEWLY formed consortium, Thornleigh Ltd., has bought of this to-day Hong Kong Kong Resort Company...

The high court was informed of this today when Hong Kong Resort applied for an order of court settlement in a winding up petition against H. K. Richard Mills and his representatives...

Inchcape BHD expects improved year

INCHCAPE BHD sold first quarter 1977 profits were similar to the year-ago period and indications suggest some improvement for the year as a whole...

In 1976 group net profit was \$514.59m. Inchcape said in its annual report it expects 31 per cent. owned subsidiary Jarong Airways PTE Ltd. to start operating profitably towards end 1977 following expansion and redesign of its foundry.

Hong Kong Engineering profit rises

HONG KONG Engineering and Construction announced a consolidated net profit for 1976 of \$HK11.3m, up from \$HK9.82m...

TRW and the U.S. Environmental Protection Agency dedicated a new chemical plant which will test a TRW process for removing pyritic sulfur from coal. Some 30% of Eastern U.S. coal-160 billion tons-could be made environmentally acceptable for burning with this new method.



# Pilot scheme in wool textiles

By RHYS DAVID, Textiles Correspondent

## NOTICE OF DRAW AND REDEMPTION



**finsider international**

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R.C. Luxembourg N.B. 7156

### US\$ DEBENTURE LOAN WITH A COUPON OF 7.75% - 1970/1985 (Guaranteed by FINSIDER)

FINSIDER INTERNATIONAL having already acquired under the Terms of the Loan, 1,478 bonds of a face value of \$1,000 each on the market, Banco di Roma in its capacity as Paying Agent has drawn lots on the issuer's behalf, in accordance with the Sinking Fund Scheme, for the remaining 125 bonds necessary to cover the eighth redemption instalment, due on July 1, 1977.

The draw was on May 16 1977 in the presence of a solicitor and of representatives from the Issuing Company and the Guarantor.

#### BONDS DRAWN FOR REDEMPTION JULY 1, 1977

137	208	2765	3692	5057	5266	5526
5620	5632	6756	6759	6931	7065	7416
7637	7676	7878	7938	6044	6046	6147
8244	8283	8505	8567	9098	9229	9357
9459	9508	10339	10503	10800	11106	11162
11167	11518	11721	11897	12005	12047	12062
12218	12385	12468	12542	12646	12842	13048
13097	13118	13177	13405	13521	13869	13960
14118	14500	14910	14924	14941	15232	15271
15341	15364	15468	15490	15951	16150	16158
16255	16363	16453	16565	16805	16857	16879
17053	17065	17081	17155	17158	17335	17647
17860	17893	18268	18477	18800	19015	19224
19397	19410	19504	19563	20192	20199	20274
20585	20739	20916	21061	21228	21325	21358
21609	21673	21922	22215	22537	22750	23031
23064	23233	23250	23970	24183	24260	24264
24320	24439	24750	24906	24915	24922	

The bonds indicated above for redemption will expire and be made payable as from July 1, 1977 in US dollars for the entire nominal capital plus interests accrued on to that date. They must be presented for redemption with all coupons expiring after July 1, 1977, at the following institutes:

- BANCO DI ROMA
- MANUFACTURERS HANOVER TRUST COMPANY
- S. G. WARBURG & CO. LIMITED
- BANQUE INTERNATIONALE A LUXEMBOURG S.A. LUXEMBOURG (former BANQUE LAMBERT S.A. LUXEMBOURG)

**BANCO DI ROMA**  
Paying Agent

Rome, 17 May, 1977

IN THE often beleaguered world of textiles, Britain's wool textile industry has won itself a reputation as a bastion of success. It manages every year to export more than one-third of its output, winning for overseas sales in 1976 a total of more than £300m, and in spite of the difficulties of the worldwide recession, it has shown itself sufficiently self-confident to embark on a substantial programme of investment. As the first industry to be chosen for an Industry Act aid scheme, wool textiles took full advantage of the £15m initially set aside by the Government and a further £3m, was eventually voted to meet the industry's requests. The total investment secured as a result of the scheme when it closed—to be succeeded by a more modest scheme announced in February—was around £80m, making it so far the most successful of the Industry Act schemes drawn up to encourage rationalisation and change in key sectors.

### Strategy

With this success behind it the industry is now going, however, for another first, with an experiment which is likely to have considerable implications for the industrial strategy which the Government is trying to develop in tripartite negotiations with the employers and unions, and indeed implications for the whole participation debate unleashed as a result of the Bullock Committee's report on industrial democracy.

The experiment now being conducted under the guidance of the industry's very active Economic Development Committee is an attempt to bring the tripartite discussions held at national level, under the aegis of the National Economic Development Office and its various committees, down to company level. The wool textile EDC has taken the view that outlining the problems facing the whole sector or estimating the size of the Brazilian market for trousers in 1990—are all very well. What is also needed is a means of stimulating companies, including the workforce, to think about the implications of likely national and inter-

national trends for the development of their own operations.

The wool textile experiment—launched by the EDC after careful soundings had found a number of companies interested in such an approach—aims at creating a forum for discussions, and a small but successful start has been made. The system which is being extended to two other textile sectors—knitwear and clothing—will make use of the services of a senior figure from within the industry who has the necessary stature and impartiality to open up channels of communications inside companies, and at the same time to set the debate in the context of overall national economic considerations.

In the case of wool textiles Mr. Leslie Bamford, a recently retired director of Coats, Patons, itself a big wool textile producer, has been playing this role, and he has now had the first of what are likely to be twice yearly discussions with a handful of companies.

The aim is to set in motion discussions lasting possibly a whole day and involving senior management, unions, including full-time officials, and where relevant major shareholders—something which in most cases will have never happened before. The meetings will not follow any set pattern except that Mr. Bamford takes the chair, and after a run-through by the EDC representatives outlining their role and explaining the industrial strategy, the company is invited to make a presentation. This is likely to cover its current position, its intentions in relation to investment, production, and employment as well as its views on problems facing it individually or the industry as a whole.

The contribution of the EDC is the overall economic background against which the company may have to pursue its various plans—the likely size of the market depending on certain assumptions about future growth rates, import levels, fashion trends and other important factors. The discussions also provide an opportunity for various indices of the company's own performance (for, example productivity) to be compared with those of the industry as a whole.

Equally important, the unions which will in most cases have been previously involved in discussions with the company con-

cerned only over wages and conditions, will be drawn into the dialogue, and as well as making their own contribution will have the opportunity to discuss developments, which could have a vital effect on their members.

The scheme will remain voluntary and stops a long way short of the planning agreement idea. The talks too will be regarded as confidential. Nevertheless, though the parties will be involved in discussions only the EDC is clearly hoping for wider and deeper results to emerge if the present pilot project in wool textiles proves successful and those involved want to see it extended.

"We are hoping to establish a form of two-way communication in which we will put to the industry the picture as we see it of the future, while getting back from the industry what it feels and intends to do. We hope the meetings will provide a context for decisions to be taken which will not only be in the interests of the companies and their employees but in line with national objectives as well," a senior EDC official states.

The scheme obviously has implications for other industrial sectors but it has been launched in wool textiles partly because it appears to offer the most fertile ground for experiment. Mr. Tom Fraser, a former industrial director of NEDO who has recently retired as chairman of the wool textiles EDC, points out that the industry has a long tradition of working together as a sector and with its unions.

### First for aid

The industry, 80 per cent of which is concentrated in the West Riding of Yorkshire, has long had a central "thinking box," the Wool Textile Delegation. This brings together senior figures from rival concerns to consider common problems, Mr. Fraser argues. It is the only industry to pay a statutory levy for export promotion and one of the few to have a levy for research. Its knowledge of its own problems gained from the W. S. Atkins report commissioned by the wool textile EDC ten years ago enabled it to put in for the first of the Industry Act aid schemes.

of the scheme a much greater role was given to the unions than under any of the other subsequent schemes, and this has paved the way for their involvement in the new experiment. Under a code of practice laid down in the terms of the Industry Act scheme employers had to consult the unions on any proposed investment before submitting an application for aid so that the full implications for employment could be considered. Two months were set aside for these consultations and applications had then to be accompanied by a certificate signed by a full-time union official indicating that the consultation procedure had been followed. As a result the groundwork for union co-operation in discussing company plans has already been laid in those groups where investment has taken place under the aid scheme.

There are other reasons too for hoping for success for the pilot project now being launched. "It is a small industry employing only 60,000 people and it only takes a couple of companies to join and the word will go around. There are not many other industrial sectors which are so tightly knit," one leading participant points out.

The system is still at a very early stage and publicity has been eschewed while the delicate process of persuading companies to agree to the wisdom of baring their breasts in front of unions and outside observers from the EDC is set in motion. The names of the companies being visited by Mr. Bamford have not been disclosed though it is known to include some of the more important medium-sized groups.

In spite of the secrecy, however, the first few meetings by participants are known to have been highly successful, with the unions in particular welcoming the insights gained into the prospects facing employers. From the companies' point of view, too, the experiment has come at an opportune time. Largely as a result of buoyant export trade, the sector is currently enjoying a return to much higher levels of profit after several poor years, as figures from a number of leading producers in the industry have shown recently.

There remain substantial problems confronting the industry, as the cutback ordered earlier this month by Barton

the outfitters and a major customer of the Yorkshire industry, has illustrated. The U.K. menswear market has been depressed for some time and a major proportion of sales has now also been captured by imports, depriving wool textile producers of sales to clothing manufacturers and increasing their dependence on possibly vulnerable export markets.

### New liaison

Therefore part of the task which the EDC hopes to undertake through the new liaison with companies is to help direct their energies towards the right products and markets. For though Britain does have a large share of world trade in wool textiles, there is scope for improvement in some areas, notably Europe. West Germany, as a result of the decline of its textile industry, has emerged as a major importer of wool cloth and yarn. Of the 19m kilos of wool cloth imported by Germany from other EEC members in 1976 Britain, however, supplied only 1.4m, against Italy's 12.5m, France's 1.8m, and the Netherlands 1.68m.

The industrial strategy document drawn up by the EDC last July for wool textiles pointed to other short and medium term problems. Apart from worries about declining living standards in the U.K. leading to reduced spending on clothing, these include the high tariffs faced by the industry in a number of major markets, including the U.S., and the high cost of finance and possible labour shortages. The cyclical nature of the industry coupled with low wage levels has made it unpopular with workers and there are fears that as a result of narrowing differentials of recent years it might prove difficult to attract sufficient skilled workers to meet a big upsurge in demand.

The hope is that if the experiment gains wide acceptance it will help companies to plan ahead and deal with these and other problems, thus enabling the industry to maintain its competitive position in world markets. As such the system would be important to the industry in the 1980s as the wool textile aid schemes have been in stimulating the high level of investment of the past few years.

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6th Floor, Stock Exchange House, St. George's Place G2. Tel: 041-204 0656.



### Farm loan interest rates cut

By Our Commodities Staff

THE INTEREST rate on variable farm loans issued by the Agricultural Mortgage Corporation is reduced to-day from 17 to 12 per cent. At the same time the corporation puts into effect a new policy of reviewing interest rates quarterly instead of every six months.

### Tin heads base metals decline

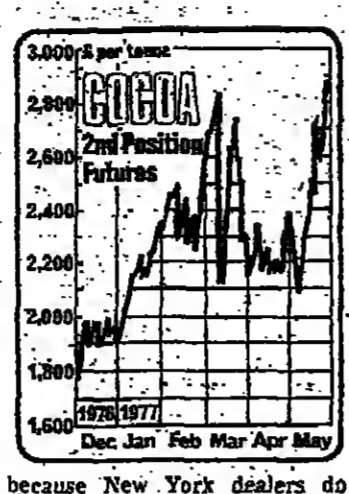
By Our Commodities Staff

TIN LED a general decline yesterday in base metal prices on the London Metal Exchange, which was also depressed by the fall in gold and silver.

## London cocoa prices hit all-time peaks

By RICHARD MOONEY

COCOA PRICES on the London terminal market climbed to new all-time peaks yesterday encouraged by growing fears over the supply situation.



On the New York market concern over the nearby supply situation led to a widening of the premium for the spot July contract over September.

because New York dealers do not have beans from these origins available for sale.

## Meat chief attacks beef price

By CHRISTOPHER PARKES

BRITISH CONSUMERS are paying twice as much as they should for beef, according to Mr. David Geary, retiring president of the Institute of Meat.

But the difficult supply situation in the U.S. has been alleviated by the almost complete absence of domestic manufacturer buying interest.

On April 1 the EEC relaxed its 24-year-old clampdown on beef imports from non-member countries to help cover an expected shortage this year.

## China buys 3m. tonnes more wheat

WINNIPEG, May 31. THE CANADIAN Wheat Board announced it has sold 3m. tonnes (approximately 110m. bushels) of wheat to China, reports Reuter.

This is in addition to the sale of 15m. tonnes of wheat to China which the Wheat Board announced last August.

Payment will be made in Canadian dollars, and as to previous sales, will involve 25 per cent in cash when each vessel is loaded and the balance with interest payable to 18 months.

## Brazil resumes soybean oil exports

By Our Commodities Staff

BRASIL has partly lifted its ban on exports of soybean oil and is issuing export licences for small quantities, reports Reuter from Rio de Janeiro.

## CRISIS IN THE PIG INDUSTRY Danes feel pinch, but hope for better things

BY HILARY BARNES IN COPENHAGEN

THE PROTESTS of U.K. pig farmers losing their national pig subsidy do not impress Danish producers. They, too, claim they are losing up to Kr40 (£4) on every pig.

This development has caught the farmers off-balance. And they have also been rocked by the increase in the price of soy meal.

ESS-Food, however, takes the view that towards the end of this year and in 1978 pigmeat prices will recover with the movement of the international pig cycle.

When overheads were included in the calculation the U.K. farmers' net profit was greater, according to ESS-Food, the bacon factories' export association.

There is some rather sketchy evidence that they are following the lead of the April pig census, which showed that the total herd increased by one per cent.

The restitutions need to be about three times as high as they are now in make exports of canned pigmeat a paying proposition, according to the Danes.

## Welsh farm incomes up

BY OUR COMMODITIES STAFF

THE AVERAGE net income on the Welsh farms increased 97 per cent during the 1976-77 season, during the period of the drought.

## Royal Bath winners

By Our Commodities Staff

FAIRINGTON Progression 13th, a three-year-old Scottish-bred stallion, won by Mr. J. H. Thomas, of Umberleigh, has won the Devon breed championship at the Royal Bath and West Show.

## U.S. Markets

By Our Commodities Staff

GRAINS were firm on Commission House news that the U.S. Dept. of Agriculture is growing areas. Copper and silver eased, grains firm.

Table with multiple columns: COMMODITY MARKET REPORTS AND PRICES. Includes sections for BASE METALS (Copper, Tin, Zinc), LONDON GRAIN FUTURES MARKET (Wheat, Barley, Oats), SUGAR (London Daily Price), COFFEE (Arabica, Robusta), WOOL FUTURES, RUBBER (Sri Lanka, Thailand), SILVER, SOYBEAN MEAL, and JUTE.

Table with multiple columns: PRICE CHANGES and U.S. Markets. Price changes include Metals, Grains, and Oils. U.S. Markets includes Cotton, Wool, and various agricultural products.

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GENEVA. Full service is our business. Mailbox, telephone and telex services. Translation and secretarial services. Formation, domiciliation and administration of Swiss and foreign companies. Full confidence and discretion. Business Advisory Service. 3 rue de la Harpe, 1204 Geneva, Switzerland. Tel: 022 2344.

COMPANY NOTICE. NOTICE is hereby given that the 1977 Annual General Meeting of the company will be held on Wednesday, June 15, 1977, at 11.00 a.m. at the company's registered office, 11, Abchurch Lane, London EC4N 3DF.

New commodity investment company. By Our Commodities Staff. A NEW COMPANY, offering consultancy services and trading facilities in commodity futures as well as in commodity related shares, has been formed by J. H. Rayner (Mining Law), part of the S. and W. Berisford group. Called Rayner-Harwell, the new company, has among its directors two mining consultants - D. Hargreaves and D. Williams - and London stockbrokers, Laurence Prust and Co. as well as prominent members of the Berisford Board - E. S. Margulies, H. Wiltshire and W. I. Hubert, managing director of Tom Martio Metals.

FINANCIAL TIMES. May 31. May 30 Month Year Ago. 196.58 166.62 275.21 225.58. (Base: Jan 1, 1955=100)



STOCK EXCHANGE REPORT

Leading equities end mixed after early technical rally Short-dated Gilts under pressure and close with falls to 7/8

Account Dealing Dates... First Declared Last Account Dealings... Account Dealing Dates... First Declared Last Account Dealings...

After an initial technical improvement to 355p... Stores quiet... Wines & Spirits FT-Actuaries Index... RECENT ISSUES... EQUITIES... FIXED INTEREST STOCKS... RIGHTS OFFERS... ACTIVE STOCKS

improvement of 4 to 80p... After a firm opening, Shippings eased back and closed at or near the overnight levels... Golds easier... After four trading days of continuous gains, South African Golds turned easier in the wake of the lower bullion price...

FINANCIAL TIMES STOCK INDICES table with columns for various indices like Government Secs, Fixed Interest, Industrial Ordinary, etc.

HIGHS AND LOWS table with columns for High, Low, and various stock categories.

NEW HIGHS AND LOWS FOR 1977 table listing new high and low prices for various stocks.

OPTIONS TRADED table with columns for DEALING DATES, First Deal, Last Deal, etc.

Every Saturday in the FINANCIAL TIMES now also on Mondays. The table illustrated below appears every Saturday on the Stock Exchange Dealings page of the Financial Times. LOCAL AUTHORITY BOND TABLE with columns for Authority, Annual Interest, Minimum Life of bond, etc.

FT-ACTUARIES SHARE INDICES. These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries. EQUITY GROUPS table with columns for GROUPS & SUB-SECTIONS, Index No., Day's Change, etc.

Handwritten signature or note at the bottom of the page.



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table listing various unit trusts such as 'Royal Bank Unit Trust', 'Fidelity Unit Trust', and 'Henderson Administrative' with columns for name, manager, and details.

Table listing unit trusts including 'Guardian Royal Ex. Unit Mgrs. Ltd.', 'Fidelity Unit Tr. Mgrs. Ltd.', and 'Henderson Administrative' with columns for name, manager, and details.

Table listing offshore and overseas funds such as 'Arbuthnot Securities (C.I.) Limited', 'Fidelity Mgmt. & Res. (Bds.) Ltd.', and 'Kemp-Cross Management Jersey Ltd.' with columns for name, manager, and details.

Table listing offshore and overseas funds including 'Kemp-Cross Management Jersey Ltd.', 'Save & Prosper International', and 'Schroder Life Group' with columns for name, manager, and details.

Table titled 'BASE LENDING RATES' listing various banks and their respective interest rates for different types of deposits and loans.

Table listing unit trusts such as 'London Wall Unit Trust', 'Fidelity Unit Trust', and 'Henderson Administrative' with columns for name, manager, and details.

Table listing unit trusts including 'Abbey Life Assurance Co. Ltd.', 'Arrow Life Assurance', and 'Barclays Life Assur. Co. Ltd.' with columns for name, manager, and details.

Table listing unit trusts such as 'Equally & Law Life Ass. Soc. Ltd.', 'New Court Property Fund Mgrs. Ltd.', and 'NPI Pensions Management Ltd.' with columns for name, manager, and details.

HISTORY TODAY
Edited by Peter Quennell and Alan Hodge
In the JUBILEE NUMBER June 1977
QUEEN VICTORIA'S JUBILEES
Joanna Richardson
During the two Victorian Jubilees Britain enjoyed an Imperial grandeur which was displayed in the Queen's celebrations.
ROYAL REVIEWS AT SPITHEAD
Geoffrey Bennett
The deep water channel that leads into Portsmouth Dockyard has been the scene of naval reviews by many monarchs since Henry VIII.
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Table listing unit trusts including 'National Westminster (a)', 'Tyndall Managers Ltd.', and 'NPL Trust Managers Ltd.' with columns for name, manager, and details.

Table listing unit trusts such as 'City of Westminster Assur. Soc.', 'City of Westminster Assn. Co. Ltd.', and 'City of Westminster Assn. Co. Ltd.' with columns for name, manager, and details.

Table listing unit trusts including 'Clive Investments Limited', 'Clive Fixed Interest Capital', and 'Clive Fixed Interest Income' with columns for name, manager, and details.



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BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Div, and Yield. Includes sub-sections for 'Shorts (Gives up to Five Years)' and 'Five to Fifteen Years'.

INTERNATIONAL BANK

Table of International Bank shares with columns for Stock, Price, Div, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Stock, Price, Div, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Stock, Price, Div, and Yield.

AMERICANS

Table of American shares with columns for Stock, Price, Div, and Yield.

CANADIANS

Table of Canadian shares with columns for Stock, Price, Div, and Yield.

BUILDING INDUSTRY - Continued

Table of Building Industry shares with columns for Stock, Price, Div, and Yield.

DRAPERY AND STORES - Continued

Table of Drapery and Stores shares with columns for Stock, Price, Div, and Yield.

ENGINEERING - Continued

Table of Engineering shares with columns for Stock, Price, Div, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase shares with columns for Stock, Price, Div, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics shares with columns for Stock, Price, Div, and Yield.

ELECTRICAL AND RADIO

Table of Electrical and Radio shares with columns for Stock, Price, Div, and Yield.

ENGINEERING, MACHINE TOOLS

Table of Engineering and Machine Tools shares with columns for Stock, Price, Div, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits shares with columns for Stock, Price, Div, and Yield.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV shares with columns for Stock, Price, Div, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores shares with columns for Stock, Price, Div, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. shares with columns for Stock, Price, Div, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads shares with columns for Stock, Price, Div, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers shares with columns for Stock, Price, Div, and Yield.

INDUSTRIALS (Miscel.)

Table of Industrial shares with columns for Stock, Price, Div, and Yield.

INDUSTRIALS (Miscel.)

Table of Industrial shares with columns for Stock, Price, Div, and Yield.

Large table of Industrial shares with columns for Stock, Price, Div, and Yield.

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## British initiative on joint airliner

BY DAVID CURRY

PARIS, May 31.

THE NEWLY-FORMED British Aerospace Corporation has taken the initiative in proposing a joint venture with the French and German aviation industries to build an airliner offering 130-180 seats.

The aircraft (provisionally known as the X-11) would be based on the existing BAC One-11, stretched and equipped with two of the CFM56 turbo engines developed jointly by Snecma of France and General Electric of the U.S.

It is being offered as a low-cost project based on proven technology as an alternative to embarking on a completely new project such as the plan put forward by the French nationalised company Aérospatiale for a twin-engine A200 aircraft in two versions, one for 120 passengers and one for 160 passengers.

However, Lord Beswick, chairman of the State-owned corporation, who announced the initiative at the Financial Times World Aerospace Conference here today, said that both the X-11 and the A200 schemes (the development would be the 160-seater version) would be subject to "thorough evaluation."

At the same time, he confirmed that the U.K. was studying "the policy to pursue in meeting the 1980 requirements." This reference to the proposed B-10 version of the European Airbus which has been conceived around Rolls-Royce RB-211 engines.

British Aerospace has an interest in the Airbus programme through Hawker-Siddeley, which manufactures the wings for the present B4 version, but whose role in the redesigning of the aircraft would be compromised at least in French eyes by the lack of a British stake in the capital of predominantly Franco-German Airbus Industrie which makes the Aérospatiale has put together the A200 design following the apparent failure of the venture to develop the Dassault Mercure aircraft in collaboration with McDonnell Douglas Corporation of the U.S.—a project which, ironically, was discussed two years ago with potential European partners, including BAC, which put its own X-11 plans on ice at that time only to see France turn to McDonnell Douglas.

Aérospatiale is short of work in its aircraft divisions at Toulouse, with the Airbus selling very slowly and the last authorised Concorde under construction.

The French Government is bound to be influenced by the employment prospects.

The British, who will probably want to keep discussions on a new venture separate from the case of a renewed British participation in the Airbus consortium, will claim that the X-11 project has the virtue of being based on a successful aircraft whereas the A200 exists on paper only.

Conference report Page 10

## BP merger with Century oils stopped

BY CHRISTOPHER DUNN

THE proposed merger between British Petroleum and Century Oil, the U.K.'s largest independent specialist producer of lubricants, is not to be allowed to go ahead.

This was announced yesterday by Mr. John Fraser, Minister for Price and Consumer Protection, when he published the results of a six-month investigation into the merger by the Monopolies Commission. The report concluded that the deal would be against the public interest.

Last night BP said it was "disappointed" with the Commission's findings. Century Oil said that it was "highly relieved."

BP had intended to combine Century with another lubricant company it had acquired, the Alexander Duxham, into a single autonomous company, trading as arm's length BP.

The Commission, in its report, gave four major reasons why the merger could be harmful to the public interest. It found that:

- 1—Century might be restricted in its development of refining capacity, and this could delay the expansion of facilities to reclaim base oil from used products, desirable because of its environmental and energy conservation advantages.
- 2—Price competition might diminish in certain categories where Century and Duxham products overlapped.
- 3—Customer-oriented research and service to individual customers might decline. Century argued that this research would suffer if it merged with a larger group mainly interested in large volume sales. BP insisted that Century would appear to have autonomy. The Commission had

looking for this type of pay deal. Only 5 per cent of respondents thought their present remuneration was "definitely adequate", while 67 per cent thought it was "definitely inadequate". The average pay was "just about adequate".

In contrast, their views on remuneration levels five years ago ranged from 5 per cent "definitely adequate" to 15 per cent "definitely inadequate" and 79 per cent "just about adequate".

The principal reasons for feeling that pay was not adequate were "pay scale unrealistic" 61 per cent, "taxation" 28 per cent, and "inflation" 11 per cent.

But the salaries of most executives under the age of 40 appear to be kept ahead of inflation, largely as a result of promotion or a change of job.

It is assumed that 80 per cent of the respondents in each age group are married with one child aged between 11 and 16 and that at least 80 per cent of respondents aged under 50 are receiving substantial tax relief on mortgage repayments.

Accepting these assumptions, the mean net salary for an executive under 35 is now £7,004 (in 1972 the level was £2,856—the retail price index-adjusted equivalent of the 1973 figure would be £3,998). Corresponding figures in the 35-39 age group are £7,745 now, £3,212 in 1972 and £4,745 index-adjusted. For those in the 55 to 64 age group current mean salary is £9,894, their 1972 pay was £5,992 and index-adjusted it would be £12,383.

Trouble at the Top, conducted by W. A. Taylor and Associates, published in Autumn, Gibbs Management Services, Finsbury Circus House, 4-10, Blomfield Street, London EC2 7BU; price £12.50.

## BNOC plans to spend £420m. on offshore development

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH NATIONAL Oil Corporation plans to spend at least £420m. on offshore oil and gas development in the next few years. Much of this is likely to be met by a loan of about £400m. being negotiated with a group of U.K. and U.S. banks.

The Corporation's annual report and accounts, published yesterday, show that the State undertaking still has a large fund of Government money to call on.

Its expenditure last year was £396m., mostly raised from the National Loans Fund. This still leaves more than £500m. of Government loans available to BNOC, which has a borrowing limit of £900m.

The Corporation wants outside finance, without Government guarantees, for two reasons. First, it seeks credibility in the oil industry by demonstrating that it can raise cash on the strength of its own balance sheet. Net assets are worth some £566m.

Second, it feels that bank loans will be a cheaper method of financing than the Loans Fund, where interest rates of over 14 per cent were being charged in the second half of last year. The "breakthrough" backlog deal is expected to be completed this month.

In its first year of operation the Corporation made an operating profit of £76m. After interest charges and taxation, the net deficit was £1.2m.

Lord Kearton, the chairman and chief executive, said yesterday that the Corporation would be profitable by 1978-80.

"We will be an attractive feature of State Corporations," he said. "By then the Ninian, Thistle and Dunlin Fields, in which BNOC has a major stake, should be producing large quantities of oil. Last year it received £23m. from its half-share in Viking gas field projects.

But he warned that Britain must urgently develop new energy sources to replace North Sea oil and gas.

"Britain is the only large industrialised country in the world with a prospect of self-sufficiency in energy supplies in the immediate future, with North Sea oil and gas capable of playing a significant part until the end of the century and beyond."

"But these oil and gas deposits are finite—and not yet fully determined—and must be regarded as giving us a breathing space."

For Britain, as for other industrialised countries, there is an urgent need to develop energy sources to provide for the requirements of the 21st century."

BNOC is investigating the possibilities of using oil and heavy gases in refineries and chemical plants. Though it has no immediate plans to be involved in such projects.

The Corporation employs more than 420 staff. Lord Kearton said he had already warned of a number of oil companies who had used newly-recruited BNOC staff.

Lord Kearton emerges as one of the highest paid chairmen in the State-owned sector, at least on paper. The report says that last year he elected not to take emoluments of £28,350, a figure fixed to safeguard his pension rights.

## Executives' unpaid overtime worth £3,000 a year

BY NICHOLAS LESLIE

MANY COMPANY executives are putting in about £3,000 worth of unpaid overtime each year, according to a survey published yesterday.

In spite of this apparent willingness to prolong their earnings, the survey shows that 79 per cent of respondents would not be willing to accept a pay restraint of 5 per cent, "definitely inadequate" and 79 per cent "just about adequate".

The principal reasons for feeling that pay was not adequate were "pay scale unrealistic" 61 per cent, "taxation" 28 per cent, and "inflation" 11 per cent.

But the salaries of most executives under the age of 40 appear to be kept ahead of inflation, largely as a result of promotion or a change of job.

It is assumed that 80 per cent of the respondents in each age group are married with one child aged between 11 and 16 and that at least 80 per cent of respondents aged under 50 are receiving substantial tax relief on mortgage repayments.

Accepting these assumptions, the mean net salary for an executive under 35 is now £7,004 (in 1972 the level was £2,856—the retail price index-adjusted equivalent of the 1973 figure would be £3,998). Corresponding figures in the 35-39 age group are £7,745 now, £3,212 in 1972 and £4,745 index-adjusted. For those in the 55 to 64 age group current mean salary is £9,894, their 1972 pay was £5,992 and index-adjusted it would be £12,383.

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## Morpeth group confirms it may defer plan further six months

BY MICHAEL LAFFERTY, CITY STAFF

THE MORPETH Inflation Accounting Steering Group confirmed yesterday that it is considering postponing implementation of current cost accounting for six months, until January 1979. Even then, it says, CCA would probably supplement traditional accounts for a further two years.

The steering group is planning to hold public hearings on CCA over a period of a few days in the summer to give commentators further opportunity to discuss the outstanding controversy in the inflation accounting debate.

The proposed new target date for making CCA the main company accounts system is three years behind the date set by the Government's Sandilands Committee, which recommended CCA and 24 years behind the schedule which the steering group set for itself.

It follows a discussion period during which the Morpeth group's own proposals for implementing CCA have come under severe criticism, because of their complexity, subjectivity, and failure to deal with the problem of inflation on monetary items.

Nevertheless, the timing of yesterday's announcement came as a surprise to many accountants, including some of those closely involved in the inflation accounting debate. No move had been expected until all comments on the Morpeth proposals had been carefully considered.

Most peculiar

A number of representative bodies including the Confederation of British Industry, have yet to submit their comments to the group.

Some accountants said yesterday that they were very disappointed, and others, such as Price Waterhouse and Arthur McCallan Moores, saw the move as the only sensible thing in the circumstances.

Mr. Bryan Blackbore, a partner in Deloitte's, said he regretted Mr. Murray's decision. He did not think the publication of supplementary CCA figures for the first two years was an adequate response from the profession.

Mr. Ian Leeson, a partner in Whitley Murray, found the timing of the announcement "most peculiar." He was also worried at the Morpeth group's continued insistence that it would not be publishing revised CCA proposals for further comment.

"Mr. Morpeth need not have said anything for at least a month. He only seems to be making life difficult for himself," he added.

Editorial Comment Page 18

## National Theatre strike settled

BY PAULINE CLARK, LABOUR STAFF

THE STRIKE by a group of militant backstage workers at the National Theatre, London's £16m. National Theatre complex was settled last night after costing the company some £300,000 in cancelled performances. The settlement came too late for the theatres to reopen yesterday evening but a full return to work is expected today.

In what appeared to be a major climb-down by the strikers, Mr. Ron Fredericks, the 275-week backstage carpenter and chief shop steward leading the industrial action, agreed to the case of a dismissed colleague going to arbitration. Before the settlement, Mr. Fredericks had insisted that Mr. Ralph Cooper, a plumber sacked over a demarcation issue, should be given his job back unconditionally.

An agreement in the form of arbitration was reached by both parties came after talks earlier in the day when Mr. Peter Hall, the National Theatre director, rejected the National Theatre strikers that the difficulties, at the theatre be referred to an Arts Council inquiry, but on condition that Mr. Cooper keep his job whatever the outcome.

Pressure had been mounting from all sides on the strikers to call off their action. The 50 odd strikers were not supported by the majority of their colleagues, while their union, the National Association of Television, Theatrical and Radio Employees, had refused consistently to make the strike official.

Frickets at the gates to the stage door entrance were intermittently taunted by actors impatient to return to work.

As the dispute went into its fifth day Mr. Brooke-Partridge, the GLC Arts Committee chairman, was said to have talked of the £380,000 GLC grant being jeopardised.

Finally Mr. John Wilson, general secretary of NATKE, delivered his contribution with a statement that the credentials of the shop stewards involved in the strike would be withdrawn.

Mr. Fredericks appeared not entirely dismayed by the pressure mounted against him. His proposals to the management he said, would involve strikers' acceptance of the arbitrators' decision, while the terms of reference still had to be agreed.

Even a full reinstatement of Mr. Cooper without conditions might not still the dissatisfaction with the dismissal procedure at the National Theatre.

Earlier suggestions that the strike was solely in reaction to the sacking of Mr. Cooper for failing to carry out work on two

## THE LEX COLUMN High gearing at Reed

Period rates in the money market continued to harden yesterday and the coupon on the weekly issue of local authority yearling bonds rose by 2 of a point—its sharpest jump since last November. The last time interbank rates were at these levels MLR was standing at 8 1/2 per cent and the widening gap between the yield on short gilts and Treasury bills—currently 3.3 percentage points—against just a point three months ago—indicates the market's nervousness about future developments.

### Index rose 1.0 to 448.5



is also hopeful of some upturn in its leading business after another flat year. The yield is 8 1/2 per cent at 81p, and the market capitalisation is £48m.

**Prudential**

Prudential Assurance's inflows were buoyant last year and the group's net investment in the U.K. jumped over £100m. to £259m. Like most other major insurance offices it continued to concentrate heavily on the gilt-edged market, which absorbed £149m. against £96m. in 1975, while property investment, a little surprisingly, more than maintained the recent high levels at £74m. That left equities a long way behind at £31m., but showing an advance on 1975 and 1974. In fact, over the last three years the Pru has bought under £20m. net of equities while investing a total of over £450m. In 1976, moreover, most of the equity purchases were outside the company's own ordinary branch funds, and reducing the highly successful unit-linked business of the Vanbrugh subsidiary.

The overall portfolio distribution has not changed much, equities accounting for 37 per cent, of ordinary branch investments against 39 per cent at the end of 1975. According to the Pru, the Government has been offering gilts at "particularly attractive" yields, but it sees no evidence that well run and profitable companies have been unable to raise money. The Pru itself, of course, had a rights issue in 1975 and made a bid for Standard Trust in April designed to add 10 points to its 35 per cent solvency margin on general business.

### Reed International

A strong performance in the U.K. has offset problems in Canada and some sizeable redundancy costs on the Continent to leave Reed International's fourth quarter profits a little ahead of the third quarter total at £20.3m. pre-tax profit for the year, as a whole are up from £37.4m. to £74.6m.

The momentum in the U.K. has come from paper and packaging, which is why the shares yielded 94 per cent at 212p.

### Hill Samuel

Having come through the U.K. property crisis pretty well unscathed, Hill Samuel has been tripped-up by the property slump in South Africa. Its share of the local subsidiary's profits has fallen by over £400,000, largely as a result of provisions against the advances to Glen Aml, which has been placed into liquidation.

### Commercial Union

Although Commercial Union is maintaining a lofty silence about the "differences of policy" which have led to the resignation of its chief general manager, Mr. Gordon Dunlop, it is clear that short-term policy has been the question at issue. The profit recovery is continuing in line with the published first-quarter figures, and there year's decision to put £5m. of extra capital into the life—like, say, a rights issue—company. This business is unlikely to produce a worthwhile return for some time. It is no longer being consolidated in the group figures.

The shares have had plenty of time to adjust to this—out had been expanding very come, and Hill Samuel is conservatively, and Mr. Dunlop was seen to be contained. Its policy.

### Weather

**U.K. TO-DAY**  
DRY, with sunny periods.  
London, E, S.E. England, E, Anglia  
Dry. Sunny periods developing. Wind N.E. moderate to fresh. Max 16C (61F).  
S.W. Coast, S. England, Channel Isles.  
Dry. Sunny periods. Wind E. moderate to fresh. Max 17C (63F).  
Midlands, Cent. N., N.E., N.W. England, Isle of Man.  
Dry. Sunny periods. Wind light variable. Max 15-17C (59-63F).  
Borders, Edinburgh, Dundee, Aberdeen, N.E., N.W. S.W. Scotland, Glasgow, Cent. Highlands, Moray Firth, Argyll.  
Dry. Sunny periods. Wind light, mainly S.W. Max 16C (61F).  
Northern Ireland  
Dry. Sunny periods. Wind S. light. Max 17C (63F).  
Outlook: Dry. Sunny spells, becoming warmer.  
Long Range: Rather sunnier. June than usual, over much of Britain. Generally average rainfall, mostly later in month.

### BUSINESS CENTRES

City	Monday	Tuesday	Wednesday	Thursday	Friday
Amsterdam	100.00	100.00	100.00	100.00	100.00
Antwerp	100.00	100.00	100.00	100.00	100.00
Bombay	100.00	100.00	100.00	100.00	100.00
Buenos Aires	100.00	100.00	100.00	100.00	100.00
Calcutta	100.00	100.00	100.00	100.00	100.00
Canton	100.00	100.00	100.00	100.00	100.00
Cebu	100.00	100.00	100.00	100.00	100.00
Hankow	100.00	100.00	100.00	100.00	100.00
Hong Kong	100.00	100.00	100.00	100.00	100.00
Kobe	100.00	100.00	100.00	100.00	100.00
London	100.00	100.00	100.00	100.00	100.00
Lyons	100.00	100.00	100.00	100.00	100.00
Manila	100.00	100.00	100.00	100.00	100.00
Medan	100.00	100.00	100.00	100.00	100.00
Osaka	100.00	100.00	100.00	100.00	100.00
Panama	100.00	100.00	100.00	100.00	100.00
Perth	100.00	100.00	100.00	100.00	100.00
Rangoon	100.00	100.00	100.00	100.00	100.00
San Francisco	100.00	100.00	100.00	100.00	100.00
Singapore	100.00	100.00	100.00	100.00	100.00
Sourabaya	100.00	100.00	100.00	100.00	100.00
Tokyo	100.00	100.00	100.00	100.00	100.00
Yokohama	100.00	100.00	100.00	100.00	100.00

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